A U.S. DEPARTMENT OF COMMERCE WEEKLY

International Commerce

January 9, 1967

World Trade Outlook

International Trade Winds Newsletter

Company News

COAL—Castner, Curran, & Bullitt, Inc., export sales subsidiary of Eastern Associated Coal Corp., Pittsburgh, has announced the signing of long-term contracts with six major Japanese steel companies and two Japanese gas utilities for the sale of about 27 million net tons of premium quality West Virginia coking coal, valued at approximately $300,000. The new contracts are for 15 years, and replace current short-term arrangements. Similar long-term agreements are now in effect with Canadian and European coal users. Eastern's export activities made it the first coal company to win a Presidential "E" award for exporting in 1964.

ALUMINUM—Aluminum Co. of America has purchased a plot of 20 acres in the Rotterdam Port area of Rotterdam, Netherlands, to build a factory for the production of tabular aluminum oxide. A subsidiary, Alcoa (Nederland) N.V., has been formed to supervise the construction and operation of the new facility. The subsidiary is Alcoa's first in the European Economic Community countries, and production at the new plant is expected to begin in about 18 months. Raw aluminum oxide for the facility will be supplied by Alcoa's subsidiary in Surinam.

FOOD PROCESSING—A major new Stokes food freeze-drying facility has been purchased by SICALY-St. Cyr, a French firm, and is scheduled to go into operation in France early in 1967. The unit will be manufactured and installed by Equipements Heurtey-Stokes, Paris, licensee for the Equipment Division of Pennsalt Chemicals Corp., Philadelphia. Design and technical assistance will be provided by the U.S. staff.

CHEMICALS—Badger, Ltd., a subsidiary of Badger Co., Inc., Cambridge, Mass, is in the process of constructing a coal-based cyclohexane complex, including aromatics purification and hydrogen facilities, for Staveley Chemicals, Ltd. The new plant is being built in Chesterfield, England, and will use several processes for the production of benzene, toluene, and hydrogen. Production is set to begin in mid-1967.

An increase of $500 million in U.S. research and development expenditures is forecast for 1967 by the Battelle Memorial Institute. The projected 2.2% rise over 1966 is the lowest increase in 13 years. U.S. research and development is expected to reach $23.8 billion in 1967.

The Japanese trade fair ship Sakura Maru will call at seven U.S. and two Canadian ports in 1967, showing Japanese goods and technological advances. Cities to be visited between May and August are San Francisco, Los Angeles, Houston, New Orleans, New York, Montreal, Portland, Seattle and Vancouver.

36 U.S. companies reported floor sales of more than $400,000 at the Paris Packaging Exhibition and predicted six million dollars in sales in the next 12 months.

Stockholm recently welcomed four U.S. Trade Missions, representing various industries, in one month. One of two North Carolina missions participated in a U.S. Trade Center showing at the same time its twin mission was stimulating investment opportunities. Other missions the same month were from Georgia and Texas.

The S.S. Maine is carrying 20 exhibits of the state's export products right now to Barbados and the Netherlands Antilles, as well as Puerto Rico. Maine businessmen will meet the ship—which trains the state's Maritime Academy cadets—and talk to Caribbean buyers. The Maine World Trade Council, state Department of Economic Development and state Department of Agriculture worked together on the fair afloat.

More than half of 258 small and medium-sized manufacturers or processors in central Illinois are engaged in selling abroad, according to a state survey. Of those most active in foreign markets, 80% conclude that selling overseas offers a return comparable with domestic sales, and 60% are planning to put more emphasis on such sales from now on.

A display of Royer Foundry's compost shredder at the Manila Sample Display Center brought representatives of 47 firms to see it, and detailed discussions with 21 of these. Use of the Sample Display Centers at Manila, Beirut, Nairobi and Bangkok is free to U.S. firms, for up to 30 days exposure.

NOTICE: This information is offered to preview or provide informally brief and varied comment on Bureau of International Commerce worldwide export and investment promotions. It is not final and does not substitute for the detailed know-how and analysis in our regular news columns.

U.S. Department of Commerce

John T. Connor
Secretary

Alexander B. Trowbridge
Assistant Secretary for Domestic and International Business

Lawrence A. Fox
Director, Bureau of International Commerce

Clarence M. Zens
Managing Editor

Americo A. W. Favale
Director of Graphics

Annual subscription $16.00 ($5.00 additional for foreign mailing). Single copy 35 cents. Domestic subscribers desiring airmail service must submit $25.00 additional for postage. Make remittance payable to the Superintendent of Documents and mail either to any U.S. Department of Commerce Field Office or to the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

All subscription inquiries and address changes should be directed to the Superintendent of Documents at the above address. This is the central distribution agency for all U.S. Government periodicals.

Expressions herein from private sources are meant to stimulate thought toward the solution of problems confronting the international businessman and to provide constructive suggestions, but they are personal opinions. Contents of this publication are not copyrighted unless so indicated. Noncopyrighted materials may be reprinted freely. Mention of source will be appreciated. Use of funds for printing this publication approved by the Director of the Bureau of the Budget on June 17, 1966.

in this issue

Twice each year INTERNATIONAL COMMERCE publishes concise summaries of business conditions in the world's major trading areas and trading nations. These World Trade Outlook articles are prepared by analysts in the Commerce Department's Bureau of International Commerce, who also develop and review the timely and comprehensive country reports that appear each week in this magazine.

January 9, 1967

Volume 73
Number 2

International Commerce

Published by
BUREAU OF INTERNATIONAL COMMERCE

Special Report

World Trade Outlook, Pages 6-62

Canada	6	Hong Kong	34
Latin America	7	Indonesia	35
Argentina	8	Japan	36
Brazil	9	Korea	37
Central America	10	Malaysia	38
Chile	11	New Zealand	39
Colombia	12	Philippines	40
Mexico	13	Singapore	41
Peru	14	Taiwan	42
Venezuela	15	Thailand	43
Western Europe	16	Near East-South Asia	44
Austria	17	India	45
Belgium	18	Iran	46
Denmark	19	Israel	47
Finland	20	Lebanon	48
France	21	Pakistan	49
Germany	22	Turkey	50
Greece	23	UAR (Egypt)	51
Italy	24	Africa	52
Netherlands	25	Congo	54
Norway	26	East Africa	55
Spain	27	Ethiopia	56
Sweden	28	Ivory Coast	57
Switzerland	29	Liberia	58
United Kingdom	30	Libya	59
Yugoslavia	31	Morocco	60
Far East	32	Nigeria	61
Australia	33	South Africa	62

MISCELLANEOUS—Higher levels in U.S. exports, imports seen 2

East-West trade prospects, conditions reviewed 65

U.S. GOVERNMENT ACTIONS—African communications net studied 70

FOREIGN GOVERNMENT ACTIONS—Kenya plans $6.7 million tourism project 71

INVESTMENT OPPORTUNITIES—French, Germans seek licensees 72

WORLD TRADE OPPORTUNITIES—Sewerage project bids asked in Cyprus 76

NEW BOOKS AND REPORTS—Gallatin Annuals announced 84

U.S. OUTLOOK

Higher levels of trade forecast for this year

In contrast to '66, growth rates for exports and for imports likely to even out

Further expansion of U.S. trade is in prospect for 1967, with exports advancing almost as strongly as last year and imports rising at a much reduced rate. Unlike 1966 when our foreign purchases expanded at nearly double the pace set by our foreign sales, the growth rate in imports should fall to a level close to that in exports.

U.S. exports will show another substantial gain in 1967 but are not likely to match the estimated 11% increase attained in 1966. Demand for U.S. nonagricultural goods in the developed areas, our principal customers, will be bolstered by their high level of earnings from last year's acceleration in exports, particularly to this market.

Economic activity in Japan, France, and Italy is expected to expand at a faster rate and provide improved selling opportunities for U.S. exporters. Slowing or leveling of growth in Canada, Britain, Germany, and several smaller European markets, however, partly as a result of steps to restrain inflationary forces, may dampen purchases of U.S. goods.

Less buoyancy seen

Not much additional stimulus to our sales is likely from the developing countries. Although exports of the less developed areas moved up somewhat more rapidly in the first 9 months of 1966 than a year earlier, their outlays for debt service are continuing to rise.

Our agricultural exports, moreover, are to be less buoyant this year. While foreign requirements will expand U.S. sales of cotton, tobacco, and soybeans, little increase is likely in grains, which accounted for nine-tenths of last year's substantial advance in agricultural shipments.

Renewed support of the Voluntary Balance of Payments Program by U.S. business is expected to bring additional contributions to the nation's exports. The Secretary of Commerce has requested participating companies to increase their export and other contributions to the balance of payments this year by at least $2 billion above the 1966 level, compared with the expected increase by cooperating firms of $2½ billion over the past two years.

Imports are likely to increase much less strongly than last year when they expanded at the exceptionally high rate of 20%. If the growth in the U.S. economy in 1967 tapers off from the rapid increase of the past 12 months, as widely expected, foreign purchases could show a sharp deceleration.

Imports of consumer goods should move up more slowly than in 1966, if the rise in disposable personal income slackens. Business purchases of foreign equipment are likely to be similarly affected by the smaller increase in spending on new plant and equipment now programmed for the first half of the year. A repetition of the unusual 1966 growth in food imports is not anticipated.

As deliveries of both agricultural and nonagricultural products accelerated last year, U.S. exports increased 11% to an estimated $29½ billion, excluding military grant-aid shipments.

Machinery shipments quickened in response to the growing foreign demand for equipment of advanced engineering design intended to achieve lower production costs. The rate of climb in our sales of transport equipment was maintained by the speed-up in deliveries of automotive products, mainly to Canada as a result of the 1965 duty-free trading arrangement with that country.

The more rapid expansion in chemical exports was in response to growing overseas demand for plastic materials and basic chemicals and the enlarging requirements for manufactured fertilizers. Sales of products made of metal, paper, wood, and leather accelerated rather sharply. The value of nonferrous base metals sent abroad also moved up somewhat faster as the rise in prices exceeded the reduction in quantity.

Exports of crude materials advanced moderately. Shipments of soybeans continued to accelerate, while deliveries of cotton and iron and steel scrap declined further. Sales of pulp, lumber, and synthetic materials turned up sharply. Cattle hides, though falling in quantity, increased in value by half due to advancing prices.

Exports of fuels increased slightly. Coal shipments were almost unchanged, while petroleum products recovered from their sharp drop in 1965 to show a small increase.

Food sales up

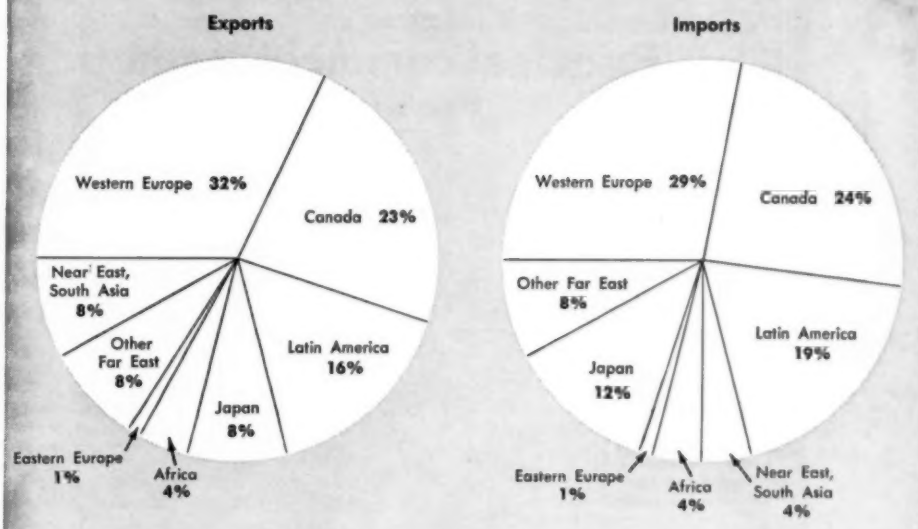
Sharply rising sales of wheat to Western Europe, due to crop shortages, and to Japan, where land use shifted to other crops, sparked an upswing in exports of foodstuffs. PL-480 shipments, which account for the bulk of U.S. wheat exports, also expanded but at a slower rate than dollar sales. Exports of coarse grains and feed for animals continued to climb.

The extremely rapid growth in economic activity in the United States last year generated unusually high demand for virtually all types of imports. Our foreign purchases of nonagricultural commodities accelerated rapidly and imports of agricultural products, which had changed little for several years, expanded sharply. These advances raised the import growth rate from 14% in 1965 to 20% in 1966, and brought the value to a record level of $25½ billion.

An extraordinary spurt in imports of automotive products nearly doubled our arrivals of transport equipment in 1966. The automotive advance was heightened by greatly expanded duty-free imports from U.S. subsidiaries in Canada under the 1965 Automotive Products Trade Act, but included further large increases in purchases from Europe and Japan. Accelerating arrivals of aircraft added to the expansion.

The demand for machinery, stimulated by the investment boom in plant and equipment, caused these imports to expand more rapidly in 1966. Tight do-

Shares of U.S. trade 1966



Values of U.S. trade

Exports January-October 1965	Exports January-October 1966	Areas	Imports January-October 1965	Imports January-October 1966
(These values are in billions of dollars)				
21.3	23.9	Total	17.2	21.1
6.9	7.7	Western Europe	4.9	6.2
4.5	5.5	Canada	3.9	5.0
3.4	3.9	Latin America	3.5	3.9
1.7	1.9	Japan	2.0	2.5
1.8	1.9	Other Far East	1.4	1.7
2.0	2.0	Near East, South Asia	0.8	0.8
0.9	0.9	Africa	0.7	0.8
0.1	0.2	Eastern Europe	0.1	0.1

mestic supplies of certain chemical elements and compounds and low foreign prices for selected drugs and vitamins helped cause a sharp speed-up in chemical imports.

Contrary to expectations, iron and steel-mill products held steady at the extraordinarily high levels reached in 1965 when strike-hedge buying helped boost imports to more than $1.1 billion. Arrivals of textiles and clothing expanded at about the same rapid rate as in the preceding year.

Stepped-up arrivals of lumber contributed to a slightly higher import rate in crude materials. Purchases of fuel oil increased moderately, after a big rise in 1965, while crude petroleum held at the same level.

Imports of foodstuffs, which had shown relatively little change for many years, increased greatly last year, as prices rose for meats and sugar and inventories of coffee and cocoa were built up. Arrivals of fish and vegetables continued to expand.

Smaller import growth seen

Imports are likely to advance much more slowly in value than in 1966. Industrial supplies, capital equipment, consumer goods, and food are all expected to show smaller growth this year.

If the rise in industrial production slackens, as is generally anticipated, expansion in purchases of foreign industrial supplies will weaken somewhat this year. Major exceptions to this trend should be steel and nonferrous metals. Influenced by strong advances in arrivals of nonferrous metals, chemicals, textiles, and newsprint, imports of supplies for industry had advanced by 12% through October of last year, following a 15% increase in 1965 over 1964.

A moderate increase is anticipated in the value of purchases of foreign steel-mill products, though easing in the demand for U.S. automobiles may temper the advance to some extent. The year-to-year expansion in these imports, evident since 1961, was largely concealed in 1966 because comparisons were generally made with 1965 levels, which, as noted above, were inflated by heavy buying in anticipation of a strike.

Increased domestic production is expected to limit the rise in arrivals of foreign crude petroleum this year. Purchases of fuel oil are to remain at about their 1966 levels despite the more liberal import rules in effect since last spring.

The quantity of U.S. receipts of nonferrous base metals advanced slightly through October 1966, but price increases caused a strong rise of more than one-fourth in value. Imports of higher-priced foreign copper will probably keep imports of nonferrous base metals on their steep rate of climb in 1967. The quantity of copper imported, which fell again last year, may not expand, however, unless supply problems are alleviated in Zambia and government-company differences resolved in the Congo.

Arrivals of newsprint are likely to advance less rapidly this year than last. Some of the 14% rise in January-October 1966 imports went into publishers' stocks, as consumption advanced by only 9%.

Imports of lumber, which were stepped up last year by the threat of a strike by U.S. timber production workers as well as by increasing consumption in nonresidential construction, should also moderate if expenditures for new factories slow as predicted. The demand for building materials for housing may pick up, but it is not expected to be a buoyant factor through most of the year.

Equipment purchases to slacken

A sizable decline in arrivals of aircraft and a less rapid increase in machinery imports should lower considerably the extremely rapid rate of growth in U.S. purchases of foreign capital equipment.

The more than doubling in the value of imports of aircraft and parts last year stemmed largely from the filling of back orders for the British-made BAC 111 and for executive aircraft from the United Kingdom and France. Since few, if any, of these orders remain unfilled, a substantial decline in aircraft imports is projected for 1967.

Other purchases to lessen

The return to more normal growth in demand for imported machinery is expected as a result of the sharp slowdown mentioned earlier in the expansion planned for plant and equipment expenditures this year. In each of the last two years, foreign machinery arrivals have grown by well over a third. With the easing of demand and the consequent reduction of delivery times on domestic orders for machine tools and other industrial machinery, the ability of foreign competitors to fill orders more promptly will be a less important factor this year.

The buoyancy in purchases of consumer goods, which has been one of the main expansionary factors in the last three years in U.S. imports, may lessen somewhat this year.

Automotive imports from Canada will be further stimulated by the U.S.-Cana-

Principal commodities in U.S. foreign trade

Exports

Commodity	January-October 1966 Value (million $)	Chg. from Jan.-Oct. '65 (%)
Agricultural	5,555	+13
Nonagricultural	19,074	+12
Machinery	6,356	+12
Engines, power generating machinery	806	+21
Agricultural tractors and machinery	390	+ 6
Construction tractors and machinery	827	+ 1
Office machines	447	+18
Electrical power machinery	408	+ 4
Telecommunications apparatus	309	+10
Transport equipment	2,822	+13
Aircraft and parts	927	+ 3
Road motor vehicles and parts	1,704	+23
Chemicals	2,222	+13
Chemical elements and compounds	858	+ 8
Plastic materials and resins	398	+14
Other manufactured goods	4,496	+11
Iron and steel-mill products	438	−11
Nonferrous base metals	507	+12
Textiles and clothing	589	+ 7
Paper manufactures	365	+14
Professional, controlling instruments	463	+19
Crude materials and fuels	3,894	+ 5
Coal and coke	417	+ 1
Petroleum and products	403	+ 7
Soybeans	550	+19
Cotton	300	−22
Unmanufactured tobacco	352	+32
Foodstuffs	3,830	+18
Wheat	1,204	+35
Corn	736	+14
Other grains and preparations	746	+26
Other transactions	1,007	+32

Imports

Commodity	January-October 1966 Value (million $)	Chg. from Jan.-Oct. '65 (%)
Agricultural	3,812	+15
Nonagricultural	17,251	+23
Machinery	2,148	+51
Engines and parts	269	+71
Agricultural tractors and machinery	248	+37
Telecommunications apparatus	369	+54
Transport equipment	1,681	+90
Aircraft and parts	231	+124
Road motor vehicles and parts	1,400	+92
Chemicals	805	+30
Chemical elements and compounds	400	+31
Other manufactured goods	7,148	+17
Iron and steel-mill products	968	+ 1
Copper	481	+42
Other nonferrous base metals	721	+19
Textiles and clothing	1,290	+17
Newsprint	738	+14
Gem diamonds	311	+29
Crude materials and fuels	4,885	+ 7
Petroleum and products	1,784	+ 3
Iron ore	381	+ 3
Other metal ores and scrap	457	+20
Lumber	347	+11
Pulps and waste paper	358	+ 8
Textile fibers and wastes	384	+ 5
Foodstuffs	3,683	+20
Coffee	920	+12
Meat and preparations	501	+46
Fish	455	+18
Sugar	425	+22
Alcoholic beverages	393	+24
Other transactions	714	+22

dian automotive trade agreement. Consumer demand for imports of other foreign cars, principally from Germany, Japan, and Sweden, may ease with a slower rise in disposable personal income this year. More aggressive selling by foreign firms, faced with weakening demand in their home and other markets, could, however, push deliveries of their cars to the United States to new highs. Arrivals of radios, television sets, toys, household appliances, books, and other printed materials should increase somewhat less rapidly than last year when strong advances were general.

Farm imports steady

Agricultural imports rose with unusual strength last year, but they are expected to show little further advance in 1967. The deceleration will be due, in part, to a leveling off in sugar imports at the 1966 level and the buildup of large stocks of cocoa beans which should tend to limit foreign purchases. Lower prices may reduce the value of coffee imports, although quantity is expected to remain unchanged from last year.

Exports to continue buoyant

Foreign sales of U.S. goods will show further strength in 1967, though likely to fall somewhat short of last year's advance. Exports of nonagricultural products will increase faster than agricultural commodities, unlike last year when both moved up at approximately the same rate.

Machinery exports are expected to advance more slowly than last year when they rose by about an eighth. Accounting for a quarter of the 1966 gain in total exports, machinery will provide a smaller proportion of this year's expansion. Unfilled export orders point to a further rapid increase well into the first half but weaker investment rates forecast for a number of key European markets could lower our export growth in the later months.

Growing production of U.S. subsidiaries, jointly-owned firms, and licensees abroad will also dampen the expansion in machinery exports, although these firms generate demand for substantial quantities of U.S.-made parts and components.

Electronic components, computers, large capacity pumps and compressors, and air-conditioning and refrigerating equipment are again likely to be among the fastest rising machinery exports, though foreign sales of some of these products will fall short of last year's high rates of gain. Continued technological progress will enable the United States to

maintain its generally strong competitive position in these fields.

Machine tool shipments, on the other hand, are slated to decline for the third successive year as a consequence of strong domestic demand, slow deliveries, and increased competition from European and Japanese suppliers.

Agricultural machinery shipments should repeat their moderate gains of recent years but the billion dollar export business in construction machinery and equipment may remain virtually unchanged. Export growth in these industries is adversely affected by rising output of U.S. affiliates abroad. Our deliveries will be concentrated in the larger and more sophisticated types of machines where this country has a technological lead and economic advantage in production.

Spurt in aircraft sales

A very sharp increase in U.S. sales of civilian jet aircraft and another sizable gain in auto shipments to Canada may combine to double the 1966 rate of increase in transport equipment exports. Barring shortages of jet engines, which held up deliveries last year, and financing problems in the developing countries, exports of civilian aerospace equipment could advance by upwards of a quarter of a billion dollars.

Auto exports to Canada will be strongly stimulated, as in 1966, by the automotive trade agreement. Other markets for automotive products will continue to be supplied by U.S. firms principally from their foreign-based plants. Import controls, high tariffs and other devices in foreign markets prevent any appreciable increase in sales of U.S.-assembled autos.

Chemicals to hold pace

Though the expansion in our chemical exports is hindered by rising domestic demand and U.S. production abroad, deliveries this year should show another good increase. Shipments of advanced organic chemicals will expand further but exports of basic chemicals, sold largely to Europe, are to level off. Plastic materials and resins may have a slower rate of gain in 1967 due in part to higher sales in the U.S. market. A big jump in allocations to developing countries under AID programs will cause fertilizer exports to soar even more rapidly than last year.

Overseas shipments of scientific, industrial, and technical instruments are expected to register moderate gains in 1967. While foreign sales have increased steadily over the past two decades, the rate of growth has been declining, principally because of the expansion of U.S. manufacturers' foreign facilities. A growing proportion of these exports is in parts and components for assembly by our subsidiaries.

Foreign sales of paper and paperboard may also show another sizable advance. The mass-produced grades, such as kraft paper and liner board, find ready foreign outlets as raw materials for converting plants. U.S. softwood trees, not available in sufficient quantity in Europe, provide the long fibers essential to strength in paperboard.

Metals may stabilize

Deliveries abroad of photographic equipment and supplies are expected to slow down considerably but still show a healthy rise. Stiffened protective barriers to imports of these products have influenced U.S. firms to establish foreign production facilities.

Iron and steel exports, which have been decreasing for two years principally because of reduced AID-financed shipments to Pakistan and India, may stabilize at last year's level. Copper exports, which increased in 1966 because of sharply higher prices, are expected to level off as a result of tight domestic supplies and continued export controls. Sales of aluminum ingot and mill products may again move up slightly. Shipments of coal and petroleum products are expected to show little change in 1967.

U.S. exports of books and other printed materials should begin to benefit from the Florence Agreement providing for duty-free imports by some 50 countries of educational, scientific, and cultural materials. This treaty, concluded in the late fifties, will be placed in effect for U.S. trade Feb. 1, 1967. AID programs in the developing areas and other U.S. Government educational activities abroad also contribute to the growing market for U.S. books. Though exports of printed matter will continue their upward trend, they may not match last year's strong advance.

Farm exports to gain

High levels of foreign demand for U.S. agricultural products, reflecting rising incomes particularly in Western Europe and Japan, will spark good gains in exports for the second year in a row. Last year's sharp rise, mainly in wheat and feed grains, will not, however, recur in 1967.

Commercial wheat shipments, which took a big jump last year, may advance only slightly in view of large crops in Canada, Australia, and Argentina and tighter U.S. supplies. PL-480 deliveries should level off after the sizable rise in 1966. Sales of feed grains, limited by higher U.S. prices and greater production abroad, will rise less rapidly.

Good year for cotton, soybeans

Cotton shipments are due to recover this year. Low stocks abroad coupled with increased foreign demand and declining production in other areas brighten the outlook for U.S. sales. Another good year is in store for foreign sales of soybeans, which have been rising since 1961.

Tobacco shipments rallied sharply in 1966 reversing the preceding year's downturn. The value increase of one-third was the result of a larger crop, trade sanctions on Rhodesian tobacco, and an expanded export payment program which became effective in early July 1966. Increased production expected in high-quality tobacco should result in expanding exports in 1967, but at a rate well below last year's exceptional gain.

This article and accompanying table and chart were prepared by the International Trade Analysis Division of the Commerce Department's Bureau of International Commerce.

World trade outlook

Current economic conditions and the outlook for U.S. trade in the majority of countries with which U.S. firms do business are summarized on the following pages.

The reports, written by country desk officers in the Office of International Regional Economics of the Bureau of International Commerce (BIC), are based on up-to-the-minute reports from U.S. Foreign Service posts, international economic organizations, and other sources.

Accompanying most of the articles are data showing the value of each country's total imports and exports, and U.S. share of this trade, during January 1966 through the latest month for which that country's statistics are available.

To show U.S. foreign trade with a few countries from which recent statistics are not available, Bureau of the Census data have been used.

Data on U.S. trade with selected countries not covered in separate articles are presented in a table following the final country report.

Canada

Full employment, higher wages provide good market for increased U.S. imports

By X. W. EILERS
European Division, BIC

Canada Imports, January-September 1966

Total imports	$6,647 million
From U.S.	$4,809 million
U.S. share	72%

Canada Exports, January-September 1966

Total exports	$6,957 million
To U.S.	$4,173 million
U.S. share	60%

Canada's chief imports from the U.S.:
Industrial and farm machinery, automobiles and parts, electrical equipment, chemicals, coal, fresh fruits and vegetables.

Canada's chief exports to the U.S.:
Newsprint, lumber, crude petroleum, wood pulp, automobiles, iron ore, aluminum, nickel, fish, copper, natural gas.

The 1967 outlook for Canada is one of continuing prosperity, although some slowdown is expected in the rate of economic growth. U.S. exports to Canada, which rose a phenomenal 20% in the first nine months of 1966 over the corresponding period of the previous year, should make further gains in 1967.

After five years of continuous expansion, the Canadian economy began to show signs of moderation in its rate of growth in the early months of 1966. National income statistics show that in the second quarter of 1966 Canada's GNP rose 1.6% to an annual rate of C$57 billion (US$52.76), compared to an increase of 4.4% in the previous quarter.

Canadian economists forecast that a leveling off will continue in 1967, but they do not foresee a major cyclical downturn. The Economists' Forum of the Canadian Manufacturers' Association predicts that Canada's GNP, which rose an estimated 10.5% in current dollars in 1966, should rise by about 7% in 1967, but that 3% will result from increases in prices.

A recent survey disclosed that Canadian business executives are generally optimistic about 1967, although profits are expected to improve only modestly because of higher wages and material costs. Capital spending is expected to be only a slightly less expansionary force than in 1966.

Major capital spending programs are being undertaken by oil, gas and pipeline companies, chemical companies, food and beverage firms and public utility firms. The pace is expected to be somewhat slower in construction, mining and iron and steel.

Canada's seasonally adjusted index of industrial production (1949=100) continued its upward climb in August, advancing 1.3% from the July level to 274.4. The gain reversed the downward trend of the preceding three months and established a new record high for this economic indicator. All three components—mining, manufacturing, and electric power and gas utilities—contributed to the increase. In the manufacturing index, gains were recorded by both durables and non-durables.

Canada's export trade has played an important role in bolstering the expanding economy. Merchandise shipments to foreign destinations during the first nine months of 1966 exceeded $6.9 billion—a 20% increase from the $5.7 billion recorded in the corresponding period a year previous. With the continuing strong demand for Canada's resources, exports should climb further in 1967.

Shipments of pulp and paper, newsprint, metals, petroleum and potash are expected to increase. Wheat shipments, which reached a very large volume in 1966, are expected to be slightly lower and the outlook for lumber exports is also less favorable as a result of the decline in home construction in the United States.

Canadian global imports totaling more than $6.6 billion in the January-September period of 1966 were 15.6% above those for the like months of 1965. Imports from the United States increased even more sharply, jumping nearly 20% to $4.8 billion.

Industrial machinery gains

While the increase in imports from the United States was widely distributed, industrial machinery and motor vehicles and parts registered the largest gains. Imports of the former rose by about 27%, and the latter by nearly 40% over the previous year.

The two-way trade in motor vehicles and parts between Canada and the United States continues to expand as a result of the Automotive Agreement, but the U.S. export balance in this sector has been reduced.

Canadian imports from the United States were also up sharply in such important items as aircraft, office machines, scientific instruments and textiles.

Opportunities to increase U.S. exports to Canada in 1967 are believed to be particularly good for communications equipment, heating and cooling equipment, chemicals, and plastics. Many consumer items, classified as miscellaneous manufactures, are expected to be in strong demand—television receivers, phonographs and sound recorders, photographic equipment, and books.

The high level of farm income should provide a continuing strong market for U.S. farm machinery and tractors. Cash receipts of Canadian farmers have risen steadily since 1959, and, on the basis of preliminary estimates, topped C$4 billion for the first time last year.

Consumer spending is expected to remain strong in 1967 as a result of a continued high level of personal disposable income. Employment from September to October was steadily maintained, whereas in previous years it has usually declined during this period. The seasonally-adjusted unemployment rate in October, while fractionally lower than in the previous two months, was slightly above the 3.3% April low.

With virtually full employment and the economy less expansive, the increase in consumer buying strength will be largely derived from higher wages which are being received as a result of wage boosts granted in the course of contract negotiations last year. A report published by the Canadian Department of Labor indicates increases in 19 major two-year contracts ranging from 5% to 32%.

Government leaders have warned that wage increases, which have greatly exceeded gains in productivity, have contributed to inflationary price increases and could seriously affect Canada's competitiveness in world trade.

Latin America

Improved business conditions expected to set new record in U.S. sales in 1967

By BERNARD J. CAHILL
American Republics Division, BIC

U.S. exports to the Latin American area in 1966 are estimated to have totaled more than $4.6 billion, an increase of close to 10% over the $4.2 billion recorded in 1965. A further rise in U.S. sales to the area is expected in the year ahead. U.S. exports should reach about $4.9 billion, or 6% above the 1966 level.

Improved business climates in many of the important trading countries of the region, further progress in their economic development programs, continuing U.S. and international agency credits, and some lessening of import restrictions all point to opportunities for expanded sales of U.S. goods in Latin America.

Mexico, the largest market for U.S. exports in the area, imports in excess of $1 billion in U.S. goods per year. A moderate increase is expected in our sales to Mexico in 1967. Contributing to this further expansion in the Mexican market are a satisfactory economic growth rate, economic stability, general business confidence, increased private investment, an upturn in public works spending and a continuing stable currency.

Venezuela, the second largest U.S. market in Latin America, experienced a slowdown in business activity in the latter half of 1966 and a slight drop in the level of import trade with the United States for the year. Renewed business confidence is expected to raise import demand in 1967, and result in a 5 to 6% rise in U.S. sales to that country.

A very substantial rise in U.S. exports to Brazil occurred in 1966 and a further increase can be looked for in 1967. The government's stabilization program, import regulation liberalization and industrial expansion each are contributing to the larger market for U.S. goods. In an effort to capitalize on the opportunities for greater trade with Brazil, the Department of Commerce has scheduled a Trade Development Mission to Brazil in April.

Peru continues to be an excellent market for the United States. U.S. sales to Peru rose 11% in 1966 and will probably register a further but more modest rise in 1967. U.S. exporters will have to strengthen their efforts to maintain their share of the Peruvian market, since major European suppliers are becoming increasingly interested in selling to Peru.

Chile's growing economy will generate additional demand for U.S. goods in 1967. Chile has a strengthened balance of payments position, is continuing to receive substantial foreign economic assistance, and has good prospects for receiving significant investments of foreign capital.

Following a rapid deterioration in Colombia's balance of payments position in late 1966, the government instituted certain exchange controls that are restricting imports. The outlook is for a decline in imports from the U.S. in the months ahead.

Some recovery in export trade with Argentina can be expected in 1967. The principal question in appraising the outlook in Argentina is how successful the present administration will be in carrying out its economic program.

The overall outlook in Central America is for a gain in U.S. exports to the region. Trade among the countries of the Central American Common Market (CACM) is expanding, accounting for about 20% of that area's total imports in 1965.

LAFTA trade grows

Trade between member countries of the Latin American Free Trade Association (LAFTA), excluding newly-admitted Venezuela, apparently continued to grow over the first half of 1966, but at a much lower rate than the substantial increase of 1965. The growth in intra-LAFTA trade can adversely affect the value of imports from the United States in certain lines of goods. Since LAFTA arrangements began to affect trade in 1962, however, total imports by LAFTA member countries from the United States have held up well as compared with some relative weakening in total LAFTA imports from all other third countries combined.

U.S. exporters are finding increased sales opportunities in the Caribbean region, and this area's total imports of U.S. goods may have reached over $550 million in 1966. Newly independent Guyana may take $25 million or better of U.S. exports next year, as the AID program there gains momentum.

The area's largest and fastest growing buyers of U.S. agricultural commodities, machinery and manufactured consumer goods are Jamaica and the Bahamas. Each should provide a market of over $100 million in 1967, stimulated by an expanding tourist trade which was hampered by this year's airline strike.

Bermuda will continue to provide an increasing market for U.S. chemicals.

Back to normal

In Trinidad and Tobago, the extraordinary level of imports in 1965 has declined to a more normal pace, but prospects for U.S. exports continue favorable.

Little change is expected in the level of U.S. exports to Ecudor in 1967. The success attained by the government over the past few months in dealing with current economic problems will determine the future trend of the country's business climate.

Paraguay continues to offer a limited but growing market for U.S. products while inflation and foreign exchange shortages continue to restrict the market in Uruguay.

No change is expected in sales prospects for U.S. goods in Haiti, with the level of U.S. exports remaining at about the 1965-66 level.

Some pick-up in U.S. exports to the Dominican Republic took place in 1966. A continuation of the estimated $100 million level in 1966 is expected in 1967.

The countries of the Latin American area continue to place great emphasis on industrial development. This has been apparent for some time and is expected to gain momentum in the year ahead.

Growing needs for capital goods, raw materials and components stemming from this industrialization effort are opening new opportunities for U.S. business in the area, but suggest shifts from traditional products and sales approaches to sales techniques adapted to present market demands.

At the halfway point in the Alliance for Progress, the United States is urging accelerated activities in lagging areas of development. The Summit Conference of Presidents, scheduled for mid-April, should speed progress in economic integration, agricultural production with emphasis on foodstuffs, and multinational projects, with a resulting higher import demand.

Argentina

Imports leveling off after '66 decline; U.S. expected to maintain 21% of market

By FRANKLIN J. VARGO
American Republics Division, BIC

Argentina's imports have reached a turning point after substantially declining through most of 1966, and U.S. exports to Argentina are expected to benefit. The 1967 outlook is for increased world exports to Argentina, with U.S. exporters obtaining about 21% of the market.

Probable U.S. exports are forecast at $240 million—an 11% rise over the estimated $215 million of 1966. World exports to Argentina are projected at $1.2 billion for 1967, up from the estimated 1966 volume of $1.05 billion.

Tight credit and import financing conditions, and a recession in the first half of the year pushed Argentina's 1966 imports to an extremely low level. Import volume fell below the level needed to sustain the economy, and it was only by depleting inventory stocks that some industrial operations were maintained. Inventory levels have now fallen to the point where even if business conditions merely remain unchanged, imports must rise to sustain the economy.

GNP gain forecast

Business conditions, however, are not expected to remain static, and a 5% gain in real GNP is forecast for 1967. Business activity perked up in the 3rd quarter of 1966, and gains continued in the 4th quarter with construction, autos, consumer goods, steel, and agriculture all looking up. The recovery is believed to have almost eradicated the recession losses of the first two quarters, and estimates of 1966 GNP now indicate a decline of only 1%.

Argentina appears to be repeating its fairly predictable business cycle of two steps forward and one step back, and the present recovery is expected to continue through 1967 yielding a rise of 3%-8% in real GNP. This anticipated growth will further add to the increase in potential import demand.

The means to translate potential demand to actual demand will be more abundant in 1967, owing to the exceptionally good 1966 balance of trade that substantially boosted exchange reserves.

Argentina's estimated 1966 trade balance is $500 million and may turn out to be a 20-year record. As a result, the availability of import financing should be increased. Anticipated increases in 1967 imports and a smaller exportable wheat surplus may, however, tighten up import financing in late 1967 or early 1968.

The Argentine peso was devalued three times in 1966, and the present level of 245-255/US$1 stands 35% below the level of a year ago. While the devaluations no doubt are aiding exports, their effect on imports is not too significant as imports are determined more by the availability of financing than they are by relative prices. The Ongania administration is considering the possibility of lowering tariff levels and of easing the very long supplier credit terms now required for imports of capital goods. If the latter step is taken, U.S. exports to Argentina can be expected to increase considerably more than present forecasts indicate.

Government moves ahead

The outlook for exports to Argentina will be influenced by the degree of success achieved by the Ongania administration in implementing its policies. Emphasis has been placed on free enterprise, growth, labor harmony, reduced government deficits, improvement in the investment climate, and reduced inflation. The question now is not whether government policies will be favorable but whether they can be achieved. The government has already taken some steps, including the offering of some investment incentives, the implementation of compulsory arbitration in labor disputes, the closing of uneconomic sugar mills, and the easing of some exchange regulations. Business has been watching the actions of the administration and, while still cautious, appears to be somewhat more optimistic. Labor, however, is restless; and the Government may find some rough going.

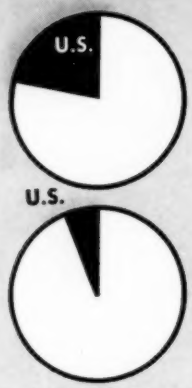
With the improving economy predicted for 1967, a broad range of products face increasing demand prospects. Industrial equipment, raw materials, and semi-finished goods should all show gains, but the potential is especially good for organic chemicals, machine tools, materials handling equipment, semi-fabricated steel, food processing equipment, fertilizers, coal, and electronics equipment.

Depending on government actions, oil field equipment, electric power transmission equipment, and railroad modernization equipment may show large gains. Consumer goods presently are generally prohibited from importation.

The U.S. share of the Argentine import market is anticipated at about 21% in 1967, roughly the same as it was in 1966. The U.S. share has been gradually declining in recent years; but as it tends to increase when the Argentine business cycle expands the decline may halt in 1967 or perhaps reverse itself.

Inflation is not expected to end in 1967, but neither is it expected to be an insurmountable problem. Inflation is forecast in the range of 15%-25% for 1967, similar to 1966. The government faces the normal Argentine problem of inflation versus recession, and is likely to lean toward inflation in its effort to avoid recession. This is borne out by the monetary policy, which recently has again become expansionary. Making credit more available to business adds to inflationary pressure.

The government hopes to counterbalance this with efforts to slow the wage-price spiral and to cut or eliminate the large Government deficit experienced in past years.



Argentina Imports, January-July 1966

Total imports	$618 million
From U.S.	$127 million
U.S. share	21%

Argentina Exports, January-July 1966

Total exports	$1,014 million
To U.S.	$ 74 million
U.S. share	7%

Argentina's chief imports from the U.S.:
Machinery, motor vehicles and parts, chemicals, iron and steel, electrical equipment.

Argentina's chief exports to the U.S.:
Wool, meat products, hides and skins, fuel oil, starch and casein.

Brazil

Investment and trade confidence returns; U.S. Trade Mission scheduled for April

By NICHOLAS KEATING
American Republics Division, BIC

Brazil Imports, January-July 1966

Total imports	$784 million
From U.S.	$309 million
U.S. share	39%

Brazil Exports, January-July 1966

Total exports	$943 million
To U.S.	$296 million
U.S. share	31%

Brazil's chief imports from the U.S.:
Industrial machinery, chemicals, wheat, tractors, electrical power machinery, coal, aircraft, fertilizers.

Brazil's chief exports to the U.S.:
Coffee, manganese, sugar, iron, cocoa, castor oil.

U.S. exports to Brazil increased substantially in 1966, with record trade estimated for 1967. Following the short recession at year-end 1965, Brazil embarked on a major industrial and trade expansion program. As a result of the surge of business activity, Brazilian imports for the first six months of 1966 were an estimated 28% above the corresponding 1965 period, with the U.S. share of the Brazilian market running at 39.3% of total imports. This is almost 10 percentage points above the 1965 total of 29.7%.

Large 1966 coffee shipments contributed to a 16% increase in the total value of Brazilian exports for the first nine months of 1966, as compared to the same period in 1965. Calendar year total exports are estimated by some sources at US$1.7 billion, $100 million above last year's record level.

The Brazilian government's efforts to bring an end to inflation met with substantial opposition in 1966. While early estimates foresaw an increase in the cost of living of not more than 30% in 1966, it is now apparent that inflation will approximate 40% for the year.

While this rate of increase in inflation must be regarded as a partial failure of the government's stabilization program, many of the factors which contributed to this increase will in the future have a deflationary effect on the economy. The most notable example is the elimination of price controls and artificial price supports on most foodstuffs.

The government's voluntary price control mechanism was relatively successful in keeping down prices of consumer durables and other products from the manufacturing sector. Recent modification of the price control system should allow for more efficient administration during 1967.

The big question this year is what will be the economic policy of President-Elect Costa e Silva, who has emphasized his intention to humanize the 1964 revolution. Translated into economic policy, this probably means that he is going to tackle Brazil's number one problem—reversal of the declining real wage deterioration of the Brazilian working class. A major increase in workers' purchasing power in 1967 would naturally have an inflationary effect on the economy.

Ford Motor, Volkswagen, Phillips Petroleum, Union Carbide, Hanna Mining, and a host of smaller companies all announced major expansion or new investment plans in 1966. The Phillips investment calls for the establishment of a $70 million fertilizer manufacturing and distribution complex near the seaport of Santos. This plant will be built and operated by Ultrafertil S.A. and will produce about 500,000 tons annually of anhydrous ammonia, ammonium nitrate, diammonium phosphate and associated products.

Present conditions and prospects point to increased investment interest in 1967. According to AID, pending investment guaranty applications for Brazil amount to an estimated $217 million in direct new investments.

Investment opportunities exist in many lines of activity, perhaps the most notable of which are chemicals, food processing, agricultural and livestock development, light and heavy manufacturing, and mining.

New legislation

In 1966 Brazil issued major new legislation affecting the fishing and forestry sectors. As a result of tax concessions and financial incentives, these areas appear extremely bright on the horizon. The elimination of state export taxes should provide an immediate incentive to hardwood developers.

Last year the Superintendency for the Development of the Northeast (SUDENE) and the whole Northeast development program showed signs of major breakthroughs in private investment. In July 1966 the state development corporations of the Northeast presented a number of market surveys and investment profiles to over 500 potential business investors from the industrial centers of central and southern Brazil. Response was excellent, and as a result of this meeting a number of investment plans are being formulated.

All investment opportunities in the Northeast are available to foreign as well as Brazilian investors. A recent modification under the SUDENE III Master Plan will now allow for up to 75% financing from Article 34/18 tax funds. (See November 7, 1966, issue of *International Commerce*.)

U.S. exports to Brazil in 1967 are projected at $575 million, a 6.5% increase over an estimated $540 million in 1966. Total Brazilian imports may reach as high as $1.5 or $1.6 billion in 1967 as against an anticipated $1.3 billion in 1966. A number of recent import liberalization actions by the Brazilian government are expected to contribute to these overall increases in import purchases. Most recent actions include transference of numerous commodities from the special to the general import category; elimination of special category exchange regulations by March 1967; liberalization in the application of the policy to protect local industries (similar protection); and the elimination of the requirement to close a forward-exchange contract prior to import shipments from abroad.

Commodity areas which offer best prospects for U.S. exporters are metal working, quality control and food processing equipment. Heavy transportation machinery and metal products will continue to be large winners.

U.S. exporters and investors should take note of the United States Trade Development Mission scheduled for Brazil in April 1967. (See *International Commerce*, October 17, 1966 issue.) Proposals to the Mission should be submitted by February 1, 1966.

Central America

Imports from U.S. show overall rise, despite fluctuations in individual countries

By CARL R. JACOBSEN
and J. M. VON STROEBEL
American Republics Division, BIC

U.S. exports to Central America and Panama during the first nine months of 1966 totaled $366.4 million, 9.8% higher than during the same period in 1965. Individual country imports from the U.S. fluctuated widely with a 6.8% decrease registered for Guatemala and a 30.4% increase registered for Honduras.

The overall outlook is for a continued gain in U.S. exports to this area during the early part of 1967. Central American Common Market (CACM) trade is expanding rapidly. The $128 million in internal trade in 1965 accounted for about 20% of the area's total imports. Competition, therefore, is keen from local producers, many of whom are associated with U.S. firms, as well as from traditional suppliers such as West Germany, Japan, and the United Kingdom.

Mexico continues to show interest in Central America and has reaffirmed its interest in the eventual affiliation of the CACM and the Latin American Free Trade Association (LAFTA). Mexicans have invested in the CACM's first glass bottle plant and are considering the construction of a steel mill.

The CACM may not have fulfilled its 1966 goals by year-end, but these goals include agreement on common external tariff duties for the 13 outstanding commodity categories, a protocol on assembly industries, and implementation of the Uniform Investment Incentive Law.

El Salvador

U.S. exports to El Salvador rose by 17.8% in the first nine months of 1966 to $52.3 million, and the outlook is for continued expansion.

U.S. trade promotion efforts were highlighted during November in the El Salvador International Trade Fair where U.S. exhibitors reported off-the-floor sales of $173,055 and forecast 12-month sales at $1.5 million.

El Salvador traditionally has a trade deficit. The 1966 deficit probably will exceed the $12 million deficit recorded in 1965. Decreased earnings from coffee and cotton, the country's major export items, may continue into 1967.

Both public and private investment continue to grow. The Central Bank continues to control commercial credit while expanding credit for construction, industry, and transport.

Honduras

A dramatic 30.4% increase to $49.8 million was recorded in U.S. exports to Honduras in the first nine months of 1966, and the market may well continue to be good through the first six months of 1967.

The private sector has caused the country's export expansion, and income from exports has improved the general financial condition of the country. If the present rapid expansion of the Honduran economy is to continue, however, public sector investment must exceed the average level of the past three years.

The 1967 Honduran budget of approximately $84 million included an increase of almost 60% to $19.1 million in the public works section, indicating the Government's intention to increase public sector expenditures.

Guatemala

Imports by Guatemala from the U.S. for the first nine months of 1966 were down 6.8% to $66.6 million, and the country is expected to decrease its total imports by nearly $7 million to $223 million in spite of record export earnings.

While Guatemala is expected to have a favorable balance of trade in 1966, for the first time since 1960, the prospects are that the country will probably earn about $20-30 million less from its agricultural exports in 1967.

The contraction of export earnings and income may result in some decline in domestic production, employment, and imports, and to some contraction of overall economic activity in the coming year.

Nicaragua

Nicaraguan imports continued to increase during the first nine months of 1966, but more slowly than for the same period of 1965. U.S. exports reached $52.2 million in the January-September 1966 period, increasing only 3.2% over the $50.6 million for the same period of 1965. The slowdown is due in part to a heavy accumulation of inventories. Increased construction and anticipated increased earnings from record exports of coffee and cotton in 1967 provide good prospects for a rise in imports in 1967.

Business confidence is high. With retail sales running ahead of 1965, heavy private investment in construction, and increased investment in the public sector, 1967 promises to be another boom year.

Costa Rica

U.S. exports to Costa Rica during the first nine months of 1966 rose only 2.2% over the $44.5 million in the similar period of 1965. This small rise reflects the tight credit policy in effect since mid-1965 aimed at reducing the level of imports in order to correct a highly unfavorable balance of trade.

With private credit continuing tight, retail sales increasing slowly if at all, and considerable uncertainty about government fiscal and exchange policies, there is every indication that imports during 1967 will continue at levels equal to or slightly below 1966.

In spite of the serious fiscal and balance of trade problems, new industrial investment projects approved during the first nine months of 1966 totaled 176, covering investments of $22 million, compared to only 120 projects approved for all of 1965. This increasing industrialization should continue through 1967.

Panama

U.S. exports to Panama totaled $99.9 million during the first nine months of 1966, 18.4% higher than the same period of 1965. Retail sales and new construction which were running ahead of 1965 levels, promised a continuing boom through at least the first half of 1967.

High business confidence is indicated by the seemingly contradictory situation of tight bank credit, higher bank deposits, and increased heavy investment in new construction, apparently financed by funds which had been held abroad.

In addition to the activity in the private sector, major construction programs are under way in the public sector, including both roads and low-cost housing. Negotiations are underway for additional loans for highway construction and improvement. If obtained, these will provide more impetus in the public sector at least through the early part of 1967.

Chile

High copper prices, rapid growth rate should boost Chile's imports in 1967

By HERBERT A. LINDOW
American Republics Division, BIC

Chile Imports, January-March 1966

Total imports	$165 million
From U.S.	$ 63 million
U.S. share	38%

Chile Exports, January-March 1966

Total exports	$155 million
To U.S.	$ 54 million
U.S. share	35%

Chile's chief imports from the U.S.:
Industrial machinery and parts, chemicals, iron and steel mill products, transportation equipment, wheat, manufactured fertilizers.

Chile's chief exports to the U.S.:
Copper, iron ore, nitrates, meat and fishmeal, natural phosphates, chemicals.

Chilean imports are expected to expand in 1967 by 10%-12% over 1966, when imports were estimated at $687 million.

A rapidly growing economy should generate a strong demand for capital goods and equipment and U.S. exporters are in an excellent position to meet these needs.

The key to Chile's current economic expansion is her strengthened balance-of-payments position. This in turn is due to favorable prices for Chile's principal export, copper. Copper prices should again be favorable in 1967, although perhaps lower than the unusually high prices registered in early 1966. In 1967 the major copper mining companies should be making significant investments under a $530 million expansion program and there are good possibilities that there will be foreign investments going into a number of other industries.

There is also the likelihood that Chile will continue to receive foreign economic assistance from international lending agencies. This combination of factors should result in Chile obtaining the resources needed to finance a higher level of imports.

Healthy economy

Chile's improved economic health is reflected in recent Chilean Government data showing an increase in the Gross Domestic Product (GDP) of 7.3% in 1965 and preliminary estimates that the GDP rose by 7% in 1966. The Government forecast for 1967 is for an expansion of GDP in excess of 5%. The GDP was about $6.5 billion in 1965.

Business confidence seems to be improving also. Although business was apprehensive about the government's economic and social development programs, industrial production expanded by about 5%-10% during early 1966. Investment by the private sector was up 13%, while public sector investment rose 15%.

Chilean imports soared 36.3% during the first quarter of 1966 as compared with the same period of 1965. Total imports amounted to $164.8 million in the first quarter; $120.3 million in the first quarter of 1965. In the same period the U.S. share increased to 38%.

Total imports for 1967 are estimated at between $756 and 769 million, up from the revised 1966 estimate of $687 million.

Import registrations through August 1966 show heavy concentration of imports in the following general categories: agricultural products, fertilizers, crude petroleum, replacement parts for industrial machinery and vehicles, electrical machinery and apparatus, communications equipment, roller and ball bearings, a wide variety of chemicals and pharmaceuticals, and textbooks.

In the latter part of 1966 the Chilean Government moved to relax import controls and to reduce import charges on capital goods. For example, imports of equipment and machinery for the plastics industry were formerly subject to an additional tax of 30%, a surcharge of 60% and a prior import deposit of 90%. Now, these rates have been reduced to 15%, 35%, and 50%, respectively.

In the case of machine tools, there are only 1% surcharge and 1% prior deposit requirements. Further relaxation is evident in the issuance of import permits.

There are no serious payment problems and importers may make remittances 70 days after the date of the bill of lading. It is likely that the 70-day waiting period will be reduced in 1967.

Tariff structure updated

Chile has up-dated her tariff and adopted the Brussels Nomenclature. At the same time, Chile's complex tariff structure consisting of numerous taxes and other charges has been consolidated into mostly ad valorem rates. The simplification of the tariff structure will not result in any substantial change in tariff levels.

Copper Mining Industry.—A wide variety of mining, processing and refining equipment and machinery will be required. Construction equipment will be needed as will electrical power generating and transmission equipment, transportation equipment and a host of other items.

Petrochemicals.—Two Government entities—Corporacion de Fomento de la Produccion and Empresa Nacional de Petroleo—have formed Petroquimica Chilena Ltda. Plants are to be built to produce ethylene and polyethylene, chlorine, caustic soda, polyvinylchloride (PVC) and phtalic anhydride.

Agriculture.—Imports are estimated at $160 million in 1966. These consist mostly of wheat, meat, dairy products, sugar, rice, edible oils, feed grains, cotton and tobacco. Also, agricultural machinery has good possibilities, especially types which are designed for work on relatively small tracts of land such as the government is distributing under the Agrarian Reform Program. In addition, there is a considerable demand for triple superphosphate fertilizer, seeds, pesticides and insecticides.

Road Building Equipment.—The Inter-American Development Bank recently made a $15 million loan to Chile for the purpose of completing certain stretches of the highway which joins Valparaiso and Mendoza in Argentina. Road paving, ventilation and heating equipment (for a 2 mile tunnel) are among items required.

Iron and Steel.—Cia. de Acero del Pacifico (CAP) is planning to increase its ingot capacity from 640,000 tons to one million tons by 1972. A new slabbing and plate mill will be needed as well as related equipment and installations.

Colombia

Foreign exchange controls expected to cut imports from U.S. at least 10%

By RICHARD H. MULLINS
American Republics Division, BIC

U.S. exports to Colombia in 1967 are expected to drop by at least 10% from their 1966 level of about $270 million. Total Colombian imports are likewise expected to decline from an estimated $585-600 million in 1966 to about $540 million in 1967.

This unfavorable outlook derives from Colombia's imposition of temporary foreign exchange controls on December 1, in response to a rapid deterioration of the balance of payments in the last quarter of 1966.

The Government suspended the free exchange market, imposed a licensing system on all imports, and set up strict control over all foreign exchange transactions. These measures were imposed in an effort to alleviate financial problems caused by a drop in export receipts combined with a high level of imports and capital outflow.

Colombia Imports, January-June 1966

Total imports	$308 million
From U.S.	$152 million
U.S. share	49%

Colombia Exports, January-June 1966

Total exports	$265 million
To U.S.	$100 million
U.S. share	38%

Colombia's chief imports from the U.S.:
Industrial machinery and parts, road motor vehicles and parts, chemicals, wheat.

Colombia's chief exports to the U.S.:
Coffee, petroleum, (crude) sugar, cotton textiles, tobacco and fuel oil, leather, platinum and other precious metals.

Negotiations continue

In announcing the new controls, the President explained that the Government had been unable to reach an agreement with the International Monetary Fund on exchange policy, and that such an agreement was necessary for the establishment of new drawings under Colombia's standby agreement with the Fund. Negotiations with international lending agencies, including the Agency for International Development, are continuing.

The level of 1967 imports and other exchange operations will depend in part on how soon new agreements are concluded, the amounts of assistance agreed on, and the degree to which trade is liberalized.

Under the new system all foreign exchange is controlled by the Bank of the Republic or commercial banks acting under its authority. Bi-weekly exchange budgets based on balance of payments projections are established and foreign obligations are met on the basis of priorities to the extent that exchange is available.

Financial obligations are settled at a selling rate of 16.25 pesos per dollar in the capital market, while imports, which are all subject to licensing and prior deposit requirements, are paid for at the rate of 13.50 pesos per dollar.

In mid-December the Government of Colombia also reimposed price controls on all items removed from the control list in January 1966 and added automobiles and agricultural machinery and parts to the list.

Colombia's Gross National Product rose by only 3.3% in 1965, compared to 6.1% in 1964. The 1965 increase was roughly equal to the population growth of 3.2% and as a result per capita GNP showed little change. Primary causes of the low growth were balance of payments difficulties that restricted imports and adverse climatic conditions that limited agricultural output.

Estimated GNP growth for 1966 is above the low 3.3% of 1965, but probably below the 6.1% recorded in 1964. Poor weather conditions again affected agricultural production, but much larger imports enabled industrial output to expand and boost the 1966 GNP growth rate.

Business confidence, which had improved with the relaxation of import licensing controls beginning in November 1965, will undoubtedly be affected by the reimposition of import controls and by concern among businessmen that devaluation may still be necessary despite these rigid measures.

Cost-price squeeze

Although the Government placed price controls on a number of imported items, many businesses continue to be caught in a cost-price squeeze. Domestic costs are higher, and the cost of imported goods was made more dear in August when the preferential rate of 9 pesos per dollar on some imports was raised to 13.50 pesos per dollar. Credit is tight and U.S. exporters will probably find that there will be delays in receiving payment for their goods.

On the basis of the first half data, total imports, which declined by 29% in 1965, are estimated to have reached $585-600 million in 1966, close to the 1964 level.

The major increase came from imports of intermediate goods, which accounted for more than half of the total.

The large share of intermediate goods portrays the extent to which Colombia's manufacturing industries depend on semi-finished items, and indicates the effect on manufacturing when imports are severely restricted, as in 1965.

U.S. exporters supplied 48% of Colombia's imports in 1965 and are expected to provide roughly the same share in 1966.

On the export side, Colombia's 1966 sales are expected to decline slightly from the $539 million registered in 1965. Exports are, of course, largely dependent on the volume and price of coffee sales. With little change foreseen in exports of petroleum products and only a small increase in income from the sale of all other exports, total 1967 exports will probably fall within the $530-550 million range.

Although the general outlook is less favorable than in 1966, U.S. exporters are still expected to sell at least $250 million in goods to Colombia. Product categories which offer relatively favorable opportunities include: agricultural machinery, pesticides, pulp and specialized paper products, metal working machinery, machine tools, iron and steel products, tinplate, electric power machinery, telecommunications equipment, small internal combustion engines, mechanical pumps, medicine and pharmaceuticals, organic and inorganic chemicals, and synthetic resins and fibers.

Mexico

Vigorous government programs expected to spur economic pace, import growth

By PAUL S. FLORES
American Republics Division, BIC

Mexico's imports are expected to increase moderately in 1967, while exports should increase substantially, thanks to the increased attention the Mexican Government is giving to export expansion.

Mexican statistics for the first nine months of 1966 indicate that total imports rose only 1.4% over the corresponding period of 1965 while exports went up 14.7% in the same period. The outlook is for exports to increase by at least 10% in 1967 while imports go up by about 7%.

Factors which should contribute to a higher level of foreign trade in 1967 include a satisfactory GNP growth rate, continued economic stability and business confidence reflected in a high level of private investment by both domestic and foreign firms, an expected upturn in public spending and a continuation of sound financial policies, including the maintenance of a stable currency.

Economic indicators for the first nine months of 1966 point to a GNP real growth rate of better than 6%, compared to 5.4% in 1965.

The Mexican President, in his annual address to the nation on September 1, called on the private sector to provide two-thirds of the $22 billion in new investments which it is estimated will be required to maintain a better than 6% GNP annual growth in real terms during 1967-70. In recent years the private sector has provided only about half of the gross fixed investment.

Throughout 1966, the private sector demonstrated its confidence in the economy by maintaining a near record level of investments, and it is expected to furnish the higher investment levels requested by the government. Foreign investors also showed confidence in Mexico's investment climate as the inflow of direct foreign investment continued without any sign of let-up.

Government spending did not increase to the extent anticipated during 1966. This was due in part to the government's wish to avoid excessive price rises. The policy of restraint, aimed primarily at combatting inflationary pressures, not only prevented price spirals but also contributed to the continued stability of the peso.

Government spending, according to a recent statement by the Secretary of Finance, should increase some 20% over 1966 expenditures. This increase in public investments should not only boost economic activity because of the multiplier effect but also because in Mexico increased public spending is traditionally associated with economic well-being and thus, psychologically, contributes to the creation of a more favorable business climate.

Tourism on increase

Mexico is enjoying increased income from its favorable tourist trade. Through August, tourist travel was up 10.6% above the first 8 months of 1965. Tourist income, which netted Mexico $368.5 million in 1965, helps pay for part of the country's sizeable trade deficit.

Tourist travel is expected to increase at an even faster rate in 1967, partly because of the interest created by the Olympic Games to be held in Mexico City in 1968. The steadily increasing tourist inflow has created some shortages of hotel accommodations.

Work is expected to begin or to be accelerated on the construction of various government development projects. These include work on railway and port rehabilitation, telecommunications projects, irrigation systems, highway construction, airport improvement, electricification projects and similar public works.

Preliminary Mexican data show that Mexico's total exports in the first 9 months of 1966 increased by nearly 15%, to a total of $765 million. Exports to the United States amounted to $482 million or 63% of the total. This compares with 59% of total exports shipped to the United States in 1965.

The United States' share of Mexico's $1,174 million worth of imports for the first nine months of 1966 was 64%, compared with 66% for the year 1965.

For example, trade exhibits have recently been held in Mexico City by the United Kingdom, Nationalist China, and Japan. The United States Department of Commerce sponsored a highly-successful industrial exhibit in Mexico City in August. Also, intensified promotional efforts by organized private U.S. trade groups, supported by the Commerce Department's trade promotion efforts should prevent any further significant decline in the U.S. market share in 1967.

United States trade data report that exports to Mexico in the first nine months of 1966 totaled $864 million. At this rate, the year's total will be $1,150 million, or an increase of 4% over 1965.

Present indications are that U.S. exports to Mexico in 1967 should increase by nearly 7% and total $1,230 million for the year. This prediction is based on the assumption that work on the government's development projects will get underway and stimulate public sector imports, which normally account for about 20% of the total.

Having held the increase in imports to 4.5% in 1965 and to 1.4% in the first 9 months of 1966, Mexico will probably have to increase its level of imports to maintain its present rate of growth. Moreover, it is expected that purchases of heavy productive and developmental equipment, some of which have been deferred for some time, will be accelerated in 1967 to avoid having to buy the equipment at higher prices later on.

Mexico Imports, January-September 1966

Total imports	$1,174 million
From U.S.	$ 755 million
U.S. share	64%

Mexico Exports, January-September 1966

Total exports	$ 765 million
To U.S.	$ 482 million
U.S. share	63%

Mexico's chief imports from the U.S.:

Machinery and parts, motor vehicles and parts, railway and other transport equipment, tractors, chemicals, including pharmaceuticals and synthetic rubber, tractors and scrap iron and steel.

Mexico's chief exports to the U.S.:

Petroleum and products, coffee, sugar, tomatoes, shrimp, sulfur, lead, fluorspar, zinc, cattle.

Peru

Modest import rise likely, as nation battles budget deficit, falling reserves

By BRUCE B. SEVER
American Republics Division, BIC

U.S. exports to Peru during 1967 are likely to grow at a more modest rate than the 11% growth registered in 1966. While the rate of Peruvian import growth may be down in 1967, it will probably exceed the expansion in U.S. exports to Peru, as foreign competition in this market intensifies.

This estimate of increased trade with Peru is based upon the expectation that the present growth rate in the Peruvian economy will continue, probably in the neighborhood of 5-6%. Any government retrenchment to reduce the budget deficit will probably be offset by expansionary activity in the private sector, particularly in mining, sugar milling and manufacturing of automotive parts.

Peru Imports, January-September 1966

Total imports	$601 million
From U.S.	$235 million
U.S. share	39%

Peru Exports, January-July 1966

Total exports	$412 million
To U.S.	$171 million
U.S. share	42%

Peru chief imports from the U.S.:
Unassembled motor vehicles and equipment, machinery, chemicals and pharmaceuticals, manufactured articles of metal and otherwise, cereals, fats and oils.

Peru's chief exports to the U.S.:
Copper, fishmeal, coffee, sugar, lead, zinc.

A substantial trade deficit is likely again in 1967 for the third consecutive year, increasing the need for corrective measures.

The strong pace of construction activity has tended to maintain the optimism of Peruvian business since mid-1966. However, private sector concern about rising production costs and inflation has not been allayed by recent developments.

The cost of living rose 2.6% during the third quarter, compared with only 1% the previous quarter. The inflationary impact of a $74.6 million credit expansion by the public sector during the third quarter will only be partially offset by credit contraction of $18.6 million in the private sector and a decline of $16.6 million in the Peruvian banking system's net foreign exchange reserves—down to $158.5 million at the end of the third quarter.

The competitiveness of imported foods and garments may have improved in recent months due to the rapid increases in prices of domestic substitutes.

U.S. exports to Peru during 1967 are expected to be well above the $312 million estimated for 1966. However, there are indications that U.S. exporters will need to strengthen their efforts to maintain their share (40.7% in 1965) of this expanding market in the face of increasing competition from West Germany, Italy, The Netherlands and to a lesser extent Japan.

At mid-1966, Italian exports to Peru were up 29% over the first six months of 1965, probably due to Italy's increasing involvement in hydroelectric and other major construction projects.

During the first nine months of 1966, the U.S. share of total Peruvian imports was 39.2%, or $235.3 million of total imports of $600.9 million.

Peruvian data indicate rapidly expanding import trade opportunities in nearly all major commodity groupings. During the first eight months of 1966, only imports of cereals declined from the corresponding period of 1965.

A better than 15% growth was realized in 1966 imports of boiler machinery and mechanical appliances, vehicles and tractors, live animals and animal products, animal and vegetable fats, oils and waxes, instruments, dairy products (including eggs), rubber and rubber products, and man-made fibers.

More modest growth was registered in imports of iron and steel products, electrical machinery and equipment, petroleum and coal and their products, organic chemicals, resins and plastics and their products, and paper and paper products.

Development plans

The Government of Peru has embarked upon a development program which should generate good opportunities for sales of construction equipment for roads, irrigation systems and airports, and of agricultural equipment and implements for colonization projects.

The Government has recently reaffirmed its support of industrialization, which, while closing the market for imports of products produced by Peru's industries, brightens prospects for imports of industrial machinery, equipment, raw materials and semi-finished products.

Both import and investment opportunities exist in connection with Peru's new automotive assembly industry, which began production last April 3.

As local industries are established or expanded to supply Peru's automotive assembly industry, the demand will rise for industrial equipment, machinery and raw materials not available in Peru. Within five years of starting production, automotive assemblers must use 30% Peruvian components by value of the finished vehicles.

Once Peruvian producers can supply an automotive component in sufficient quantity it is removed from the list of items entered duty free. Tires, petroleum products and some paints are the principal items now provided by domestic suppliers.

The high world price for copper is stimulating the mining industry in Peru, and increasing the Peruvian demand for mining equipment and machinery. Established producers are exploring new mineral deposits, and considerable interest has been shown by foreign capital in Peru's mineral potential.

Several U.S. missions are scheduled to visit Peru to investigate trade and investment opportunities. They are the Mississippi State Mission, this month, the Fort Worth Chamber of Commerce Mission in February, and the Dallas Chamber of Commerce Mission in April and May.

Towards the end of the third quarter 1966, the Consulting Engineers Council Mission visited Peru to become familiar with the country's needs, make contacts and offer services not available locally.

Further information about general economic conditions and recent commercial developments in Peru is contained in an article appearing in the December 19 issue of INTERNATIONAL COMMERCE.

Venezuela

Economy pulling out of 1966 slump, but its effects will carry over into 1967

By LOUIS J. MURPHY
American Republics Division, BIC

U.S. Exports to Venezuela

January-September 1966 $448 million

U.S. Imports from Venezuela

January-September 1966 $762 million

Venezuela's chief imports from the U.S.:
Machinery, motor vehicles and parts, chemicals, iron and steel, wheat, textiles and textile products, paper, paperboard and products.

Venezuela's chief exports to the U.S.:
Petroleum and products, iron ore, coffee, shrimp, diamonds.

Total Venezuelan imports in 1967 are expected to resume an upward trend, especially in the latter half of the year.

Current projections show a probable growth in 1967 of approximately 5-6% over the estimated $1.2 billion imported in 1966. U.S. exports are expected to keep pace with the rise in total imports.

The Venezuelan economy in 1966 experienced a slowdown, which was due largely to a temporary loss of business confidence stemming from a decline in petroleum production and the business community's reaction to the Government's tax increase proposals.

While it appears that the psychological setback has now been weathered, its effects are likely to be felt in both the general economy and the import level into 1967. Additional Government revenues estimated at up to $190 million annually which will result from the recent settlement with the petroleum companies are expected to be used mainly to finance industrialization and infrastructure programs, thus increasing import demand later in 1967.

The 1965-68 National Development Plan calls for a 7.2% annual growth in Venezuela's Gross National Product. Venezuelan Government studies indicate that the rate of 1965 GNP growth was slightly above 7%, the same as in the preceding year, thus raising the GNP to approximately $7.5 billion. While no official data are available for 1966, the third and fourth quarter slowdown is expected to limit total GNP growth to about 5%.

Problem areas

The question of an increase in taxes affected both local industry and the foreign-owned petroleum companies which account for the vast majority of oil production. Satisfactory agreements concerning modifications in the taxes of the extractive industries were reached in October with the major petroleum companies.

Concern over the imposition of higher taxes on the domestic sector of the economy was somewhat lessened by Government statements indicating that its position was flexible and that it welcomed proposals for modifications in the original tax bill during discussions in the Congress.

Another main contributor to the temporary business uncertainty was the drop in the level of petroleum production. In 1965, the production increase was 2.3%, reaching an average production of 3.5 million barrels per day. Figures for the first three quarters of 1966 showed an actual decline of 3.6% in the volume of petroleum production compared with the 1965 period.

The Government has taken steps to reverse this trend. During the negotiations with the petroleum companies concerning a tax settlement, the Government stressed its interest in having the industry make every effort to increase production levels.

Also, the tax settlement provides for reduction of the tax rate in cases where new investments and/or production increases have been realized.

Venezuela formaliy entered the Latin American Free Trade Association (LAFTA) on August 31 with the deposit of the instruments of ratification at the organization's Montevideo headquarters. The Government has already shown interest in intra-LAFTA trade in such commodities as petrochemical and steel products, and has established a bilateral group with Colombian officials to study the projected economic integration of the two countries.

Official Venezuelan trade data show total 1965 Venezuelan imports amounting to approximately $1.2 billion, a rise of 14.9% over 1964. Imports from the U.S. in 1965 were valued at $640 million (c.i.f.), or approximately 50.6% of total Venezuelan imports.

Growing competition from other suppliers was evidenced by the fact that the U.S. share of the market had been 53.1% in 1964 and 55% in 1963. The chief competitors to U.S. exporters continued to be West Germany, Canada, Japan, the United Kingdom, and Italy.

U.S. export statistics for the January-September 1966 period illustrate the effects of the Venezuelan economic slowdown and the consequent reduction of import demand. Nine-month 1966 figures show U.S. exports to Venezuela down approximately 1.5% from the comparable 1965 period, $445.3 million as compared to $452.4 million.

Among the commodity categories which bucked the trend and showed noticeable increases in 1966 were unmilled wheat; soft vegetable oil; resins and plastic materials; hand tools; nonelectric power machinery; office machinery; metalworking machinery; electrical power machinery; telecommunications equipment; and scientific, measuring, controlling, and similar equipment.

With the level of 1967 economic activity likely to increase due to renewed business confidence and continued Government development efforts, import demand is expected to accelerate.

Best potential

The commodity categories which appear to offer the best export potential for U.S. industry continue to be those intermediate and capital goods which cannot be supplied by local production or which contribute to economic and social development efforts.

In addition to these general categories, there are good prospects for exports of raw materials for inorganic chemicals; basic organic chemicals; agricultural machinery and equipment; general industrial machinery; electrical generating and distribution equipment; and motor vehicle engines.

The Department of Commerce presented the first U.S. Solo Trade Exhibition in South America in Venezuela from November 22 to December 2. The Exhibition featured metalworking machinery and equipment and automotive service and maintenance equipment. The initial results of the presentation indicate a high degree of success for the 148 U.S. firms in the show.

Western Europe

U.S. exports to area will grow more slowly, but should still top $10 billion

By GRACE W. FINNE
European Division, BIC

U.S. exports to Western Europe are expected to increase this year, but at a slower pace than in 1966. This trade may expand at a rate of 8% above 1966 to a total of more than $10 billion during the coming year.

The rates of expansion are likely to vary considerably with regard to our principal individual markets there, with shipments to France and Italy expected to go up by 12%, while sales to the Federal Republic of Germany will only go up about 5% and to the United Kingdom about 6%.

European import demand will largely reflect further expansion in the overall level of economic activity this year. Gross national product for the European Economic Community (EEC) as a whole is expected to rise by 4.5% in real terms over the 1966 level, matching the estimated 1965-66 gain.

U.S. exports to EEC nations are expected to advance about 8.5%, reaching a total of approximately $5,968 million.

More moderate expansion is envisioned for the EFTA group, primarily reflecting the expected slowdown in British economic growth.

However, U.S. shipments to the seven EFTA nations are expected to increase more than 10%, reaching a total value of nearly $1.4 billion. The strongest U.S. export gains among the EFTA nations are expected to occur in Switzerland, where imports from the U.S. should jump a healthy 21% to a total of $475 million.

Combined exports to Ireland and Iceland, which are estimated at $103 million for 1966, are expected to rise another 15% to a total of $119 million during 1967.

Considerable divergence

The European import outlook reflects a considerable divergence among the various individual countries concerned, as well as among the various determinants of demand for U.S. products. Largest relative increases of U.S. exports to major markets are expected to occur in France and Italy, where general economic activity remains strong, and from Spain, which should continue to ride the crest of a development boom which began several years ago.

New highs in industrial production are expected for all the European countries except the United Kingdom. Results are expected to vary widely among the various individual countries.

In Italy the gain could exceed 10% above the 1966 level.

A slight decline—perhaps around 1 or 2%—may occur in the United Kingdom's industrial output.

Overall strength

Continued strength is envisioned for most segments of European industry. On the other hand, the steel and coal industries will probably continue to be characterized by overproduction and mounting pressures on profit margins. Little improvement is expected in the current EEC coal crisis as pithead stocks continue to mount despite curtailed production.

Slackening in the rate of increase in new investment in plant and equipment is anticipated in some European countries, but sharper increases are expected in the United Kingdom, France, Italy and Spain. In Germany outlays for such facilities may actually decline below 1966 levels.

An important limiting factor is the limited availability of capital and high interest rates. However, there have been recent indications that this situation may ease a bit in 1967.

European purchases of consumer goods are expected to accelerate mildly, reflecting recent and anticipated wage increases and growing expenditures for recreational activities. Germany and the United Kingdom are noteworthy exceptions.

Restraints eased

Throughout 1966 most European governments pursued monetary policies aimed at controlling inflationary pressures. However, in recent months these restraints have been eased in several countries, particularly in Switzerland and France, as price rises have been leveling out.

On the other hand, the United Kingdom tightened its controls on wages and prices and took steps to restrain government expenditures.

During the twelve months ended last July wholesale price increases varied quite widely. They ranged from about 1.8% in Italy to 6.3% in the Netherlands, with the average price increase for most of the other European countries being around 3%.

The range of consumer price increases was from 0.8% in Italy to over 6% in the Netherlands, Spain, and Denmark. The sharp rises in Dutch wholesale and consumer price levels largely reflect substantial gains in the prices of agricultural goods.

The rise in both wholesale and consumer prices is expected to taper off this year. This will reflect increasing competition and more moderate wage boosts. American exporters will find pricing of increasing significance both in maintaining and expanding sales of their goods to Europe.

In the European Free Trade Association, competition facing U.S. exporters may be sharpened by the elimination on January 1 of the remaining import duties levied on manufactures traded among those countries.

End to surcharge

However, the impact on U.S. exports may be diminished by the removal last November 30 of the 10% surcharge levied by the United Kingdom on most imports from all sources. The U.K. accounts for about 60% of total U.S. exports to the European Free Trade Association.

The EEC has scheduled another 5% reduction in duties on industrial products imported from one member country into another for July 1. As a result, the duties on such trade will be cut 85% from pre-EEC levels. July 1, 1968, has been chosen as the date for eliminating all intra-EEC duties and final adjustment of the member countries' external rates to the EEC common external tariff (CXT).

A successful outcome of the Kennedy Round trade negotiations could result in significant reductions in a wide range of the CXT rates, as well as in those of many of our other major trading partners.

The negotiations, which include 53 participating countries, will enter into a marathon stage during the first quarter of 1967 in order to be completed before the June 30 expiration of the United States negotiating authority under the Trade Expansion Act.

Austria

Business optimism high despite chance of higher prices, less capital for expansion

By ALAN O. MAURER
European Division, BIC

The growing Austrian economy, paced by continued brisk consumer demand and rapid industrial expansion, indicates that total Austrian imports should set new records in 1967.

The U.S. increased its share of this expanding Austrian import market during the first ten months of 1966, and it appears that this trend continued for the rest of the year.

Gross national product for 1966 is estimated at $9.8 billion, compared with $9.2 billion in 1965. The growth in constant prices was about 5% in 1966, compared with the 3% figure recorded in 1965.

Private consumption has continued to expand, though the rate of growth was retarded by adverse weather in the third quarter of 1966. With disposable personal income rising by 10% each year, an acceleration in consumer buying in the months ahead to an annual rate of about 6% in real terms, or 8 to 9% nominally, would seem likely.

Continued expansion in construction activities, agriculture, and retail sales plus high-employment levels should keep business confidence high through 1967. This optimism is restrained to some degree by continuing demands for higher wages, higher prices, and decreasing availability of capital for industrial expansion.

Wages rose by about 10% last year. The increase in consumer prices, which was about 2% in aggregate, was concealed in recent months by cheaper costs for seasonal foods. However, wage-price pressures are expected to intensify as a result of recent and forthcoming upward revisions of official prices and rates such as the recent 30% increase in railroad rates and the expected 30% increase in postal and telephone fees contained in the 1967 federal budget. The continuance of the healthy development of the economy will depend in large measure on the profit and wage policies of management and labor.

U.S. share increases

As domestic prices rise, foreign producers are enlarging their market share with competitively priced exports to Austria. In the first ten months of 1966 Austria's imports from all countries rose about 15% above the level in the same period of the previous year, while those from the U.S. increased by almost 20%. The greatest growth in imports was registered in imports from Austria's partners in the European Free Trade Association (EFTA). The U.S. share of the Austrian import market rose slightly in January-October 1966. The European Economic Community (EEC) remained Austria's chief supplier with 59% of the import market in the first ten months of 1966, compared with 16% held by EFTA countries.

Most categories of U.S. exports registered greater growth in the Austrian market in the first seven months of 1966 than in the same period in 1965. Among the leaders were chemicals and machinery. There were some notable exceptions to this trend, among them tobacco products, cotton, textiles and nonferrous metals, all of which declined from the previous year.

Total imports in the first ten months of 1966 amounted to $1.9 billion. Of this, $1.1 billion came from the EEC, $308 million from EFTA and $86 million from the U.S. In the first ten months of 1965, total imports were valued at $1.7 billion, including $1 billion from the EEC, $255 million from EFTA and $73 million from the U.S.

Imports from EFTA have increased substantially in the first ten months of 1966 compared with the same period in 1965, reflecting partially the tariff reduction between the partner nations which went into effect on January 1, 1966. The rates were reduced to 20% of those applied to imports from non-EFTA countries.

The second adjustment of the EEC's external tariff which became effective on July 1, 1966, weakened Austria's competitive position with those nations. In July and August 1966, Austrian shipments to the EEC were 5% lower than in the corresponding months of 1965, and represented only 43% of its total exports, compared with the usual 50% in the preceding few years.

Austria is seeking affiliation with the EEC, and the trade advantages that the lower tariff rates will afford Austrian exporters in the EEC countries. Austria's trade within EFTA should increase considerably following the last 20% tariff cut between the partner nations which went into effect this year.

Modernization needed

With the prospect of continued high employment and rising labor costs, plant modernization equipment should be a promising category for U.S. export sales to Austria in the near future. Other American products which have good prospects for growth in the Austrian market are electrical machinery, optical equipment, chemicals and plastics. Record supplies of domestic grains and forage crops could sharply reduce Austrian import requirements for grains in the crop year 1966-67.

The U.S. Embassy in Vienna has noted considerable interest by Austrian importers in the following American products: paper, garments, marine hardware, navigation instruments, scientific literature, and technical reference books.

The increasing importance of the tourist trade in Austria presents good possibilities for expanding sales of U.S. equipment for hotel and catering facilities. Such equipment includes air conditioners, bathroom fixtures, food preparation and serving equipment, furnishings, and cleaning equipment.

Austria Imports, January-October 1966

Total imports	$1,927 million
From U.S.	$ 86 million
U.S. share	4%

Austria Exports, January-August 1966

Total exports	$1,089 million
To U.S.	$ 51 million
U.S. share	5%

Austria's chief imports from the U.S.:
Machinery, chemicals, non-ferrous ores, tobacco, cotton, corn and plastics.

Austria's chief exports to the U.S.:
Machinery, motorcycles, bicycles, toys, glassware, sporting equipment, clothing and synthetic fibers.

Belgium

Trade outlook for 1967 is bright despite leveling off of economy

By ROBERT WALKER
European Division, BIC

Belgium-Luxembourg Imports, January-August 1966

Total imports	$4,564 million
From U.S.	$ 382 million
U.S. share	8%

Belgium-Luxembourg Exports, January-August 1966

Total exports	$4,334 million
To U.S.	$ 383 million
U.S. share	9%

Belgium's chief imports from the U.S.:
Grains, non-electric machinery, chemicals, automotive vehicles, precious stones and metals, food preparations, oil seeds and fruits, textile products, coal.

Belgium's chief imports from the U.S.:
Iron and steel mill products, diamonds, textile products, automotive vehicles, aluminum products, glass and products, photographic products.

Despite the leveling off of the Belgian economy during 1966, the trade outlook for the coming year remains bright. Imports rose more rapidly than exports and may be expected to maintain their advance in the coming year.

The heavy demand for agricultural commodities is expected to continue. Despite the trend toward increased production of barley in Belgium, imports of feed grains and oil cake should expand. Oil seeds, cotton and tobacco are also seen as having good import potential.

Although investment in existing Belgian enterprises has risen only slightly, investment in new plants, especially by foreign companies, has begun to show gains and should be further stimulated by the investment incentives recently adopted by the Belgian Government.

U.S. exports can be expected to share in the increase in Belgian imports, both in agricultural commodities and in industrial goods. Imports from this country will receive an additional boost from sizeable deliveries of aircraft and parts.

The Belgian gross national product for 1966 is expected to reach $18 billion, up 7% in current prices and about 3% in constant prices from 1965.

Belgium has adopted a second economic plan, beginning in 1967 and terminating at the end of 1970, which calls for an annual growth of slightly over 4% in constant prices. Attaining this target will require in the period 1966-70 an overall increase of 21.5% in gross investment, 48.2% in exports, 20% in private consumption and 30.7% in public consumption.

Inflationary pressures continue despite government efforts to limit price increases. In October the retail price index was about 4% above October 1965.

Credit restrictions, rising interest rates, and lowered consumer demand have made businessmen hesitant to invest. The government has presented a balanced budget for 1967, a year in advance of the planned date for achieving it, and is working to reorganize public finances. Both of these should improve the outlook.

In July and August the retail price index turned downward for the first time since 1964. However, it rose again in September and continued upward through October. The nearly constant increase in retail prices is attributable to inflationary factors and not to increased demand. On the other hand, wholesale prices, while rising, increased at a much slower rate and showed a tendency to level off in the fall.

Belgium-Luxembourg (BLEU) foreign trade in 1966 should set a new record. Total imports will probably be about 12% above the 1965 level; exports, however, will gain only 7-8%. The gain in imports from the United States is expected to parallel that of total imports, while the rise in exports to this country should exceed the overall rate.

Imports up, exports down

Total BLEU imports for January-August 1966 reached $4,564 million, about 13% above the comparable 1965 period, whereas total exports rose to $4,334 million, up only 6.7%.

The slowdown in exports was due primarily to lowered sales to the Federal Republic of Germany and the Netherlands, BLEU's major customers. Exports to France, the third largest purchaser of BLEU products, were 19% above 1965.

Trade with the United States has developed strongly, with imports of U.S. goods rising 12.4% to $382 million in the first eight months of 1966 and BLEU exports climbing 14.1% to $383 million. During this period the United States supplied 8.4% of the BLEU import market.

The development of the Common Market has resulted in the continual erosion of the U.S. market share. However, year-end figures will probably show the U.S. share at about 8.6%, approximating that of 1965. Principal U.S. exports to Belgium include agricultural products, machinery and industrial equipment, chemicals, and automotive vehicles.

There are a number of product categories in which U.S. manufacturers have a lead in design and production and which appear to have especially good market potential. These include: natural gas utilization equipment, particularly for industrial use; control equipment for industrial processes; electronic assemblies and components; materials handling equipment; packaging materials and equipment; scientific and technical instruments for industrial applications; and machinery and technical equipment for the chemical industry.

With Department of Commerce assistance, a large-scale "America Week" sales promotion will be mounted in several branches of Belgium's largest department store chain, Grands Magasins a l'Innovation, during the period May 5-28.

To promote and accelerate reconversion in the coal regions and economic development in certain other areas, legislation was adopted in August providing exceptional temporary assistance to both domestic and foreign companies locating in the areas specified. This legislation is effective until December 31, 1968.

While the benefits accruing to companies investing under this law are similar to those extended by earlier legislation, the new incentives are generally of larger magnitude. They include higher interest subsidies and government loan guarantees, reduced taxation on capital gains, greater real estate tax exemption, double depreciation for a limited period, and capital subsidies.

Denmark

Good market for U.S. products likely despite 1966 decline in export trade

By BOBETTE P. HEIEN
European Division, BIC

Denmark should provide a good market for selected U.S. products in 1967, despite the fact that the over-all level of U.S. export trade to Denmark declined 3% during the first nine months of 1966.

During the past few years, the Danish economy has operated at maximum capacity, resulting in labor shortages, persistent inflationary pressures, and balance-of-payments problems. The Government has instituted monetary and fiscal controls which have succeeded in bringing economic activity more into balance with the country's resources.

The pressure of domestic demand is easing, which in turn has reduced inflationary forces and has created a sufficient drop in employment in certain areas catering to the home market to release labor for employment in export industries. This result is also in line with the Government's export expansion drive to eliminate the current-account deficit.

Government measures taken to control the over-heated economy have precipitated a downward shift in business expectations. In addition, the tight money market and high interest rates prevailing throughout the United States and Europe have restrained new investment. Likewise, increased costs of production, not fully outweighed by increased productivity, have resulted in reduced profit margins, leaving fewer funds available for industrial investment.

Denmark Imports, January-September 1966

Total imports	$2,174 million
From U.S.	$ 180 million
U.S. share	8%

Denmark Exports, January-September 1966

Total exports	$1,760 million
To U.S.	$ 143 million
U.S. share	8%

Denmark's chief imports from the U.S.:
Oilseeds, machinery, grain, feedstuffs, tobacco, transportation equipment, plastics, fruits and vegetables, chemicals.

Denmark's chief exports to the U.S.:
Meat and meat products, hides, skins, machinery, furniture, animal and plant raw material, fish, dairy products.

Wage-price push

A linked wage and price system is the basis of the entire Danish wage agreement structure. Under it, wages go up by $.02 per hour every time the cost-of-living index rises by a full 3 points. Such an increase would add about $123 million to the nation's total wage bill. In the 12 months ended last October the index rose from 113.2 to 119.1 (January 1963=100), reflecting price increases on several food products, as well as on garments, fuel, newspapers, recreation, and domestic services. By early this year the index is likely to reach 121, which would trigger a nation-wide pay boost, thus putting another twist in the inflation spiral.

During the first half of 1966, as a direct result of the Government's export expansion drive, Denmark's balance of payments became more favorable. The most pronounced improvement was on current account, where the deficit is estimated at less than $100 million, compared with a $174 million deficit in the same period of 1965.

According to Danish statistics for the January-August periods of 1965 and 1966, increases in total imports were registered for the following commodities: cereals (+11%), feedstuffs (+9%), mineral fuels and lubricants (+8%) and machinery and appliances (+12%). The most evident decrease was a decline of 12% in total oilseed imports. These categories have traditionally been the largest components of U.S. exports to Denmark.

The most marked decreases in U.S. exports to Denmark have been in bulk commidities, where changes in the world price structure can cause rapid shifts among suppliers. This situation is exemplified by the year-end drop in our exports of barley, with the United Kingdom displacing the U.S. as the principal supplier. A similar pattern has been followed for oilseeds, which dropped 14% in the period January-August 1966, from the comparable 1965 period.

The most outstanding examples of such shifts have occurred in the chemicals and fuels categories. Total Danish imports of chemicals increased 10% from January-August 1965 to January-August 1966, while U.S. exports to Denmark of chemicals over the same period declined 14%. In the same way, total mineral fuel and lubricant imports rose 8%, while U.S. exports to Denmark fell 40% from the previous year's level.

Over-all U.S. machinery exports to Denmark have fallen off slightly, in part due to signs of stagnation in new investment in Danish industry. Nevertheless, some types of machinery have increased substantially specifically office machinery and metalworking machinery. Since Denmark is still a labor-scarce economy, automation and labor-saving devices should continue to represent fertile areas for exportation.

On the Danish export side, industrial products continued to lead in the increase, and exports of canned meat and milk rose appreciably. Exports of canned pork and cheese to the U.S. increased. Despite marketing problems in the EEC area, farm products showed significant export increases. Danish exports to EFTA countries continued to rise at a faster pace than those to any other area. Trade with EFTA countries can be expected to increase still more as a result of the complete elimination of tariffs on industrial items within the EFTA on January 1.

Trade shows for 1967

U.S. businessmen wishing to expose their products to the Danish market should consider the U.S. Trade Center in Stockholm, which is directed toward the entire Scandinavian region. Excellent opportunities also exist for exhibiting U.S. export products in the Danish trade fairs scheduled for 1967 at the Bella Center in Copenhagen. Several of these shows are: "Nord-Pack", stressing packaging machinery; the International Productivity Fair, emphasizing automation and other labor-saving equipment; and the International Electronics Fair. The Herning Exhibition Hall in Jutland will present the Herning Industrial Fair in 1967, featuring building, wood-working, and metal-working machinery, and materials handling and office equipment.

Finland

Government weighs changes in tax system to stimulate plant, equipment purchase

By HAROLD A. McNITT
European Division, BIC

Finland Imports, January-September 1966

Total imports	$1,246 million
From U.S.	$ 71 million
U.S. share	6%

Finland Exports, January-September 1966

Total exports	$1,063 million
To U.S.	$ 71 million
U.S. share	7%

Finland's chief imports from the U.S.:
Machinery, motor vehicles, chemicals and plastics, foods, manufactured articles, textiles, tobacco, soybeans.

Finland's chief exports to the U.S.:
Newsprint and other papers, paperboard, plywood, articles of wood.

U.S. sales to Finland will regain their upward thrust this year, provided current Finnish plans for renewed capital spending materialize.

Tight credit conditions which dampened investment activity last year will continue throughout the coming months. However, Finnish government and business circles are agreed that the nation's long-term economic growth depends on a resumption of vigorous investment activity. The government is actively considering several measures to encourage capital outlays for new plant and equipment.

Finland's gross national product (GNP) will advance approximately 3.8% in real terms during 1967, according to Finnish government estimates. The 1966 GNP reached an estimated level of $8.7 billion, a real increase of 2.7% over the previous year. Most other economic indicators are expected to show moderate growth in the coming year.

Since exports play a major role in Finland's economic activity, business confidence has been bolstered by a significant expansion of foreign sales in 1966 and the likelihood of further gains this year. In spite of some softening of demand in the United Kingdom and the Federal Republic of Germany—two of Finland's largest customers—exports are expected to achieve a further real growth of 5.5% this year. Imports are estimated to have increased by less than 2% in 1966 and may advance by approximately 4% this year.

Rising prices and wages remain a problem for the Finnish economy. During the first three quarters of 1966, the cost-of-living index rose by almost 3%, and wage levels during the same period went up by about 7%. Continued tightness of credit this year may succeed in slowing down the rate of price increases. Wage increases, governed for the most part by contracts negotiated in 1966, will be moderate.

The sharp drop in capital outlays last year directly affected imports from the nation's traditional suppliers of capital equipment, including the United States. During the first three-quarters of 1966, Finnish imports from the United States were valued at $71.2 million, off 7% from the corresponding 1965 period. The most important factor contributing to this decline was a drop of 13% in Finnish purchases of non-electric machinery, traditionally the largest category. Chemicals also declined, falling 11% below the 1965 level. A sharp drop occurred in Finnish purchases of U.S. passenger cars, reflecting tightened installment credit regulations and a 50% increase in the Finnish automobile tax last July.

In contrast to the overall downward trend, Finnish purchases of U.S. foods and food products advanced 20%. Electrical machinery, also going against the tide, registered an 8% gain, in which U.S. telecommunication equipment played an important role. Miscellaneous manufactures remained at about the 1965 level.

The Finnish Government is considering several possible measures to stimulate a higher level of spending on new plant and equipment. These include changes in the tax system to encourage investment; moves to create a broader capital market; and a reduction in government borrowing, thus increasing the supply of loanable funds available for investment.

U.S.-built machinery has long enjoyed an excellent reputation in Finland for excellence of workmanship and design. The American Embassy in Helsinki reports that the following types of equipment offer especially promising sales prospects if capital investment outlays increase as expected: metalworking machinery; textile, knitting, weaving, and finishing machinery; shoe and leather machinery; construction and earth-moving machinery; cargo handling equipment; office machinery; data processing equipment; and coin-operated vending machines. The outlook is also bright for industrial chemicals, especially plasticizers.

Although consumer goods sales are expected to taper off somewhat in 1967, the level of real disposable income will remain high. Finnish consumers reportedly are devoting an increasing share of their expenditures to nondurable goods and leisure-time activities. Finland is one of the first countries in Europe to establish a 40-hour work week. The shorter work week, being implemented in stages, will come into full effect in 1969.

Trade fair exhibit

As part of its program to help expand U.S. export sales in Finland, the American Embassy in Helsinki and the U.S. Commerce Department mounted an official U.S. exhibit at the Helsinki International Trade Fair in September. The exhibit featured U.S. machinery, chemicals, and instruments. The basic strength of the Finnish market for U.S. capital goods was clearly demonstrated by this event. American exhibitors estimated that over $4 million in sales would develop from the show.

Finland's balance-of-payments problem, which attained serious proportions in 1965, appears to be easing slightly. The problem has grown out of a series of large trade deficits, culminating with a deficit of nearly $220 million in 1965. The deficit for 1966 is expected to be somewhat less. The improved balance has been achieved through vigorous export expansion efforts, combined with monetary and fiscal measures which restrained demand for imports.

Industrial output presented a mixed picture in 1966. During the first eight months of the year the volume of overall industrial production was only 3% above the corresponding level of 1965.

France

Expanding economy will create strong demand for capital equipment

By ALEXANDER DAUMAN
European Division, BIC

French imports from the United States in 1967 should rise substantially over their 1966 record of $1.2 billion, with deliveries of capital goods leading the advance.

U.S. sales to France should generally benefit from a continued rapid expansion of the French economy. The expected acceleration of French private and public investment should generate strong demand for capital equipment. Sustained French efforts to modernize industry and expand research will favor sales of technologically advanced machinery.

U.S. trade with France should also receive a strong boost from deliveries of several U.S. commercial jets and shipments of certain other big-ticket equipment which could not be exported in 1966.

France Imports, January-September 1966

Total imports	$8,695 million
From U.S.	$ 891 million
U.S. share	10%

France Exports, January-September 1966

Total exports	$8,022 million
To U.S.	$ 478 million
U.S. share	6%

France's chief imports from the U.S.:

Machinery, chemicals, instruments, copper, grain, soy bean cake, fuels, automobiles, plastics, aircraft, cotton, oil seeds, rubber goods, meat, paper.

France's chief exports to the U.S.:

Steel mill products, machinery, automobiles, alcoholic beverages, aircraft, works of art, chemicals, aluminum, perfumery, rubber goods, instruments, leather, wool.

French demand for consumer goods will probably rise at a high rate, but possibly not fast enough to induce a significant increase in imports of U.S. products in this general category.

A slower rate of growth in French exports may result from slackening economic expansion in France's principal export markets, especially the Federal Republic of Germany.

Present indications are that French industrial output will continue to increase at an annual rate of 6 to 7% during at least the first half of 1967. A recent official forecast predicted that France's GNP will reach about $108 billion in 1967, an increase of 5.3% in real terms over the $100 billion in 1966.

A real increase of 11% in total imports is predicted.

Competition in the French market will further intensify due to increased sales efforts by other EEC countries, which, with the notable exception of Italy, will experience slower economic growth in 1967. During the first nine months of 1966 the proportion of French imports supplied by EEC sources rose to 40.5% of the total, compared with 38.5% for the corresponding period of 1965.

French imports of $8,695 million for the first three quarters were 15.8% over the corresponding period of 1965, with substantial gains in imports of manufactured industrial products. Imports of semi-finished industrial goods and finished consumer goods both advanced by 27%, while imports of capital equipment gained 18%.

Exports of $8,022 million represented a rise of 10.8%, but their expansion is now slackening.

Imports of $890.9 million from the United States, which trailed behind the advance of total French imports, rose 10.6% above the first nine months of 1965. The U.S. share of total French imports receded from 10.6% to 10.3%.

An analysis of U.S. exports reveals substantial increases in sales of a wide range of commodities to France, including chemicals, office machines and scientific instruments. Exports of U.S. electrical equipment to France scored outstanding gains. Exports of nonelectrical machinery generally declined, probably reflecting the effect of pressures on U.S. resources caused by the domestic economic boom and the requirements for the conflict in Vietnam.

Potential sale items

Prospects for large gains in U.S. sales to France appear especially good for the following categories: aircraft, industrial process control equipment, electronic components, scientific instruments, electrical equipment, machine tools, chemicals, plastics, and packaging tools.

A Department-of-Commerce-sponsored exhibit of packaging equipment at Paris' International Packaging Exhibition last November is expected to lead to annual exports of $7 million by American companies which took part.

Forthcoming exhibits at specialized Paris trade fairs of U.S. scientific and technical instruments and industrial controls, and of aircraft components and support equipment are expected to generate even higher sales volumes.

Consistent efforts of the French Government to help expand investment are likely to bear fruit in 1967. Recent fiscal and monetary measures aimed at expansion of capital outlays include: an investment tax credit; establishing a mortgage market and channeling funds into it; subsidizing private savings slated for investment in homes; increased expenditures on public investment in the 1967 budget; and a $300 million investment loan to industry from funds obtained through flotation of government bonds. A similar loan is scheduled to come up during 1967.

Small business firms may not be able to finance desired investments due to a continued profit squeeze. They are caught between an upward push on wages and competitive pressure on prices. Their only solution may be to seek mergers.

These factors and tax advantages accorded to merging companies will further intensify the present trend. Existing large corporations and those emerging from consolidation are not expected to have undue difficulties in investing in new equipment needed for more efficient production and operations.

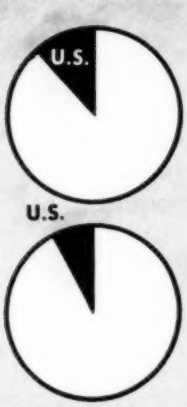
The principal uncertainty in the investment outlook is the possible effect of present consumer behavior on investment decisions by business.

Consumers are showing a certain reluctance to spend freely and their savings, especially in liquid form, are rising. There is some likelihood that these funds will move into home-buying.

Germany

Slackening economic pace expected to continue during coming year

By PAUL LEINENBACH
European Division, BIC



Germany, Fed. Rep. Imports, January-September 1966

Total imports	$13,498 million
From U.S.	$ 1,658 million
U.S. share	12%

Germany, Fed. Rep. Exports, January-September 1966

Total exports	$14,617 million
To U.S.	$ 1,273 million
U.S. share	9%

Germany's chief imports from the U.S.:
Machinery, aircraft, oil-bearing seeds, chemicals, electrical and electronic equipment, tobacco, coal, copper.

Germany's chief exports to the U.S.:
Automobiles, machinery, iron and steel products, electrical and electronic equipment, precision products, chemicals.

The phenomenal German economic expansion of the past few years slackened in 1966 as a result of government monetary measures designed to cool the overheated economy. This reduced growth rate is expected to continue in 1967.

The reduction in domestic demand, combined with a good agricultural yield, resulted in a slower growth of both total imports and those from the United States in 1966. Total imports are expected to continue expanding at this lower rate in 1967, but some catagories should rise much faster than the average.

The increase in German investment in plant and equipment tapered off during 1966 in response to reduced profit margins, exceptionally high interest rates and a more conservative appraisal of probable future business trends. Reflecting a slower growth of disposable income, the rise in personal consumption also lost some steam.

On the basis of January-September data for each year, 1966 industrial production increased by only 2.4% above that for 1965, compared with a 6.1% rise in 1964-65. Production in the capital goods industries remained approximately at last year's level compared with a 7.9% gain for 1964-65). Production of raw materials and semi-manufacturers was up 4.8% in 1966, once again below the 7.2% gain for 1964-65. Finally, in the consumer goods industries production rose 4.1% compared with 6.8% for 1964-65.

These reduced rates of production growth are not expected to change much in 1967. In the first nine months of 1966 cumulative production orders (domestic and export orders) rose by only 2.2%.

On the other hand, with foreign orders up 13% above the first three quarters of last year, the export sector should continue to operate at substantially higher levels of capacity in 1967.

A leading German research organization has predicted that industrial investment in fixed assets (excluding mining) will decline by 8-10% in 1967. Particularly heavy declines of about 20% are forecast for the following industries: iron producing, drawing and casting mills; lumber processing and woodworking; natural rubber and asbestos processing; iron and steel construction; truck producing; and textiles.

Slightly smaller declines, in the neighborhood of about 10%, are predicted for the building materials, electrical engineering, and metalworking industries.

A constant level of investment is forecast for machinery, chemical, food and beverage industries.

The German gross national product increased to an estimated $120 billion in 1966, up 7.4% from the 1965 level, based on current prices. The real growth rate was probably a little over 3.5%, compared with 4.4% for the 1964-65 period.

Six of Germany's leading economic research institutes have jointly predicted that the growth of GNP in the first half of 1967 will surpass the January-June 1966 level by 5% in current prices and 2% in real terms.

Prices for goods at the manufacturing level declined slightly in the third quarter, and the increase in consumer prices has slackened. Building costs, formerly the most conspicuous inflationary factor, have leveled off.

Labor shortage continues

The reduction in domestic activity has slightly eased the chronic strain on the labor market. Nevertheless, at the end of October there were still three job openings for every registered unemployed worker. There had been six openings per unemployed worker in October 1965. Accordingly, the market potential for U.S. labor-saving equipment should continue strong.

Germany's exports rose by 12% during the first nine months of the year, reaching a total of $14.6 billion. Total imports during the same period advanced by only 5%. As a result Germany's export surplus jumped to $1,118 million from the January through September 1965 figure of $150 million.

During the January-September 1966 period total imports from the United States, including government-to-government purchases, were virtually constant at $1,658 million.

Commercial imports from the United States, excluding government-to-government purchases, rose by 5% in the first three quarters of 1966, amounting to $1,260 million.

In 1966 substantial increases in imports from the United States were recorded for: oleaginous fruits and vegetable oils and fats (up $38 million), grain (up $25 million), raw tobacco (up $16 million), electrical equipment (up $16 million) and chemical finishing products (up $9 million).

In 1967 particularly good prospects exist for technologically-advanced labor-saving devices and specialized industrial equipment. See INTERNATIONAL COMMERCE, December 19, for sales potential of individual products.

The U.S. Government continues to promote the sale of American products in Germany by mounting exhibits in various trade fairs there.

Exhibits are scheduled in the first six months of 1967, for the Hanover Fair—Materials Handling Equipment, April 29-May 7; and ACHEMA, Chemical Equipment Fair (Frankfurt), June 21-29.

The following exhibits are planned at the U.S. Trade Center in Frankfurt:

Electronic Data Processing Equipment, Systems and Services, Feb. 8-15;

Specialized Medical and Hospital Laboratory Equipment, March 13-18; and an exhibit of Processed Foods, April 5-14.

Greece

Economy shows strength and adaptability under stress; consumer spending buoyant

By A. DONALD BRAMANTE
European Division, BIC

Greece Imports, January-September 1966

Total imports	$873 million
From U.S.	$104 million
U.S. share	12%

Greece Exports, January-September 1966

Total exports	$263 million
To U.S.	$ 35 million
U.S. share	13%

Greece's chief imports from the U.S.:
Foodstuffs, industrial machinery, transport equipment.

Greece's chief exports to the U.S.:
Tobacco, textile yarn and fabrics, refractory magnesia, furs, olives and unwrought aluminum.

Further increases in Greek imports are expected during 1967, but the rate of gain will probably be below the 8% estimated for 1965-66. U.S. suppliers can expect continued ample export opportunities, particularly for consumer goods, foodstuffs and raw materials.

Greece's trade levels, while advancing impressively and providing a favorable outlook for foreign suppliers, pose a serious problem to the Greek Government. Buoyant consumer spending of rapidly rising incomes for a wide variety of imported consumer goods is adding significantly to the import bill, estimated at $1.17 billion in 1966.

Despite an encouraging trend in industrial products shipments abroad, Greek exports have yet to make anything like the necessary advance. Even the 20% jump estimated for 1966 would have increased the total exports to only $400 million, for a record deficit of $770 million.

The pressures of economic problems and a prolonged delicate political balance since the 1965 government crisis have not prevented the Greek economy from racking up creditable gains. The gross national product grew by 7.5% in real terms during 1966, to an estimated $6.2 billion.

Consumer price index up

The consumer price index temporarily broke its steady rise in the fall of 1966, but quickly resumed its upward climb to register a gain of close to 5% over 1965, led primarily by meat and dairy product prices.

Of interest to American suppliers of manufactured consumer goods, whose shipments to Greece climbed remarkably in the first half of 1966, is the fact that prices of such domestically produced goods, as well as imports, have risen only slightly in the last five years in comparison with food prices.

Greek imports from the United States amounted to $104 million in the first nine months of 1966, expanding the U.S. share to 12% of the Greek market, up from 10.4% in the same period last year. Highlighting this gain was the strong first half performance of U.S. manufactured consumer goods (sales up 19%) in the face of strong competition from the EEC. Equally important was an increase of 13% in U.S. foodstuff sales, which was made despite the termination of the PL 480 Title IV program in June.

On the adverse side, U.S. exports of capital goods to Greece declined about 30%, while Greece's total imports of these products climbed 12%. This development, while partially reflecting the completion of a major portion of the Esso/Pappas industrial group, underlines the necessity for greater efforts by American manufacturers to meet Common Market competition for the growing capital goods market.

This competition will become even more acute when the fourth successive 10% cut in the Greek tariff on these imports from the EEC takes place on May 1.

Possibilities remain good for U.S. manufacturers and exporters to expand their share of the market by aggressive and inventive marketing efforts. Still at the top of the list of opportunities for sales of U.S. products are: electrical appliances, accounting machines, woolen and cotton fabrics, synthetic fiber yarns, raw materials for the construction industries, mechanical cotton-pickers, and tinplate.

Procedures intended to curb the imports of manufactured consumer goods, fancy food products, and other luxury products, were introduced by the Greek Ministry of Commerce in June. Because these measures are expected to affect primarily the interests of European suppliers, U.S. exporters are likely to experience little, if any, impact on business with Greece.

Under the new procedures, a Greek businessman's prepayment—which he must deposit in a commercial bank against an import shipment—will be retained for two months instead of being refunded upon the settlement of the shipping documents.

For shipments from the United States, which generally take two months or longer before delivery, these measures will have virtually no effect.

On the other hand, for European imports, which require an average of only 20 days in transit, a Greek importer will have his cash deposit tied up for an additional 40 days.

Another move which is expected to have a small impact on U.S. exports to Greece is the imposition of new domestic interest rates and credit regulations effective last September 1. The new measures are primarily intended to increase domestic savings and provide favorable interest rates for industries of special economic importance to Greece.

Among other effects, the regulations raise the interest rate to 11% from the previous 10% on loans made by Greek commercial banks to the general import trade. Additionally, the banks' obligatory reserves deposited with the Bank of Greece, formerly fixed at 5% of total savings, now will be set at several different levels to be determined on the basis of outstanding credits to industries.

The obligatory reserves for credits to the general import trade were increased by the new regulations to 25% of a bank's total credits to that trade.

The Greek economy in 1965-66 passed through a period of strong inflationary pressures augmented by rising personal income and consumer demand.

Quite serious problems in the monetary and exchange situation were averted in the first half of 1966. The experience of this period has demonstrated again the basic soundness of the economy, and has noticeably strengthened public and business confidence.

Italy

Business confidence is higher than at any time since 1963; import gain seen

By JANICE GOERTZ
European Division, BIC

Prospects for U.S. exports to Italy appear favorable for the months ahead, based on the current uptrend in U.S. sales in the Italian market and an expected overall rise in total Italian imports.

The Italian economy continues to expand, except in a few isolated areas. Industrial production during the first half of 1966 rose by 11.2% over the comparable 1965 period, creating increased demand for raw materials and semi-finished products.

Investment, although recently quite slow in the private sector, is expected to pick up in coming months, as indicated by a growing demand for capital equipment.

Demand for consumer goods is on the upswing. Exports have shown a steady rise, and imports have expanded even more rapidly. Relatively stable prices and a surplus in the balance of payments are additional positive factors in the Italian economy.

The gross national product for 1966 reached an estimated $60 billion, an increase of approximately 5% in real terms over the 1965 figure. According to projections in Italy's Five-Year Economic Plan, annual growth figures should reach 5% in the next several years.

Confidence high

Confidence of the Italian business community is very high. An Italian survey in early October found that business opinion on near-term prospects for production is positive for the first time since the end of 1963. Overall economic prospects for the coming months are considered favorable.

Producers of capital goods and consumer goods are particularly optimistic. The outlook for production of intermediate goods is slightly less sanguine, however, than it was a few months ago, indicating a possible slowdown in this sector.

The recent floods caused considerable damage in central and northeast Italy, particularly Tuscany, the Po Delta below Venice, and the Venetian Laguna. The greatest losses occurred in agriculture, housing, small retail outlets, and art treasures. The government has approved measures for allocations totaling over $1 billion for rehabilitation and reconstruction.

Italy Imports, January-September 1966

Total imports	$6,285 million
From U.S.	$ 806 million
U.S. share	13%

Italy Exports, January-September 1966

Total exports	$5,917 million
To U.S.	$ 540 million
U.S. share	9%

Italy's chief imports from the U.S.:
Coal oil seeds and oil cakes, cereals, chemical products, precision mechanical products, and lumber.

Italy's chief exports to the U.S.:
Leather footwear, woolen articles, typewriters and calculating machines, woolen textiles, motorcycles, airplane parts, laminated iron and steel, and motor vehicles.

Commercial recovery has been rapid, with most small artisans already operating as usual. The industrial sector escaped serious loss, and production has been resumed in most instances.

Prices have been relatively stable, due in part to official concern. A deadlock in wage negotiations has helped keep prices low. Wholesale prices in June 1966 were up 1.7% over those of June 1965. Retail prices rose by 2.4% in the same period. An estimated rise of 3% in wholesale prices took place during 1966.

The stalemate in labor negotiations has recently been broken with the conclusion of several wage contracts, but many more agreements are still to be renewed, covering over four million workers. Government and management remain opposed to excessive wage increases that could have inflationary effects.

The United States is Italy's second largest trading partner, ranking behind the Federal Republic of Germany. Although total imports from the U.S. increased during the first nine months of 1966 over the like period in 1965, our share of the import market declined slightly. U.S. exports to Italy for the same period in 1965 totaled $734 million, or 14% of the total. In 1966 the comparable amount was $806 million, with a U.S. market share of about 13%.

Total Italian imports have been rising steadily. They increased 17.3% during the first three quarters of 1966, while exports rose 12.2%.

U.S. products which appear to have the best sales possibilities in Italy include feed grains, coal, cotton, industrial chemicals, hides, aircraft, and road-building equipment.

As investment picks up, imports of capital equipment should increase for the chemical, artificial fiber, food, and machinery manufacturing industries. Total imports of machine tools during the first half of 1966 have already grown by 75%.

Milan Trade Center shows

The U.S. Trade Center in Milan continues to attract a large number of participants. The Center provides a permanent location for American industrial exhibits, offering on-the-floor sales as well as long-range promotion possibilities. Shows scheduled for the first half of 1967 are: Printing and Binding Equipment (Feb. 8-13); Heating, Ventilating, Air-Conditioning and Sanitation Equipment (Mar. 1-7); LP Gas Utilization Equipment (May 12-18); and Industrial Furnaces (June 13-18).

The Director of the Trade Center and the Commercial Counselor of the U.S. Embassy in Rome are among the several U.S. business and government officials who will meet with Italian businessmen at a round table seminar in Trieste on January 17 and 18. Organized by two Trieste business groups and the U.S. Consulate, the session will aim at the promotion of trade between the U.S. and the newly formed Italian Region of Friuli-Venezia Guilia around Trieste.

The weakest spot in the Italian economy is still the construction industry. Building activity is approximately half that of the boom period several years ago. However, public investment in construction has been increased to take up some of the slack resulting from the drag in private construction expenditures.

Netherlands

Tight money brings business caution, but imports are expected to rise by 9%

By CATHERINE M. BRODNAN
European Division, BIC

Dutch imports in 1967 are expected to increase approximately 9% above last year's level, with U.S. sales to that market registering a probable 6% gain.

Growth of the Dutch import market should be facilitated by continued economic expansion in 1967, though at a somewhat slower pace than last year. Factors likely to help increase U.S. exports to the Netherlands include a favorable outlook for U.S. agricultural sales, rising consumer demand, and large deliveries of U.S. aircraft.

However, an anticipated decline in investment activity may affect sales of U.S. capital equipment, thereby holding the expected increase of U.S. exports to this market to a moderate 6%.

Netherlands Imports, January-August 1966

Total imports	$5,296 million
From U.S.	$ 606 million
U.S. share	11%

Netherlands Exports, January-August 1966

Total exports	$4,312 million
To U.S.	$ 185 million
U.S. share	4%

Netherland's chief imports from the U.S.:

Corn and other grains, oleaginous seeds, animal feeds, non-electrical machinery, organic chemical products, aircraft and parts, coal, electrical machinery.

Netherland's chief exports to the U.S.:

Canned hams, electrical machinery, sea-going vessels, office machinery, musical instruments and phonograph records, flower bulbs, medicinal and pharmaceutical products, organic chemicals.

Year-end estimates put 1966 gross national product at $20.7 billion, up 5.5% in real terms from the 1965 level. GNP in 1967 is expected to expand 4.8% in real terms. Industrial production should increase by more than 4% this year, somewhat below the approximate 7% gain in 1966.

An initial period of business caution can be expected this year, because of an extremely tight money market and uncertainities about the future financial policies of the Dutch Government.

Price and wage increases in 1967 may be somewhat below those of last year, but inflationary pressures will continue. Consumer prices are expected to rise 4.5%, compared to 5% during 1966.

A voluntary ceiling for wage increases of 3.5% for 1967 has been officially suggested. Actual increases, however, will probably be 6 or 7%. Total wage costs, including social benefits, increased almost 11% in 1966. The more moderate wage increases in 1967 will keep private consumption gains at about 3.5%, compared with 4.5% in 1966.

Dutch imports for January-August amounted to $5,296 million, 11.3% above the same period in 1965. Imports from the U.S. reached $606 million, 26.8% above the first eight months of 1965, bringing the U.S. share of total Dutch imports to 11.4%, from 10% in the comparable 1965 period.

Part of this year's increase, however, reflects the relatively low level of U.S. exports during the first few months of 1965, resulting from the dock strikes in U.S. East Coast and Gulf ports.

Leading imports from the U.S. last year included corn and other grains, animal feeds, oil seeds, non-electrical machinery, aircraft and parts, organic chemicals, and electrical equipment.

Dutch exports for the first eight months of 1966 amounted to $4,310 million, 6.8% over the same period of 1965. Exports to the U.S. jumped to $185 million, 19.8% above the comparable period of 1965, and increased the U.S. share of total Dutch exports to 4.3%, compared with 3.8% in 1965.

Opportunities to increase exports of U.S. products to the Netherlands are particularly favorable for air and water purification equipment; plastic and plastics production machinery; photographic equipment; copying machines; filling, bottling and other packaging machinery; construction equipment; hand tools; and prefabricated industrial buildings and components.

Consumer items in demand

Consumer goods which offer excellent opportunities for increased sales to the Dutch market include furniture and other household supplies; children's and babies' clothing; men's and women's sportswear; women's lingerie; toys; sporting equipment; and do-it-yourself hobby items.

U.S. Government trade promotion activities in the Netherlands for the next few months will be highlighted by several industry-organized, government-approved (IOGA) trade missions. These will include the Vermont State Industry Mission in the spring and a possible Food Services Industry Mission in the fall.

Investment activity may decline in 1967, due to an extremely tight money market and decreasing profit margins. At best, private investment will remain at its 1966 level, when a record 8% increase in investments in fixed assets and inventories occurred. Expansion in construction should also slow down, though a 3% gain is anticipated.

Inflation, a balance-of-payments deficit, and increasing scarcity of capital characterized the Dutch economy in 1966, and may be expected to continue during 1967 unless measures are enacted to remedy the situation. Disagreement over the nature of such corrective measures resulted in the fall of the Dutch Cabinet in October and the scheduling of new elections for February 15.

The interim government has promised to concentrate on enacting legislation to combat inflation. Proposals have centered on plans to freeze or temporarily limit increases in wages and/or prices. Curtailments in governmental expenditure, postponement of a scheduled income tax cut, and increases in turnover taxes have also been proposed.

A balance-of-payments deficit of $220 million has been officially forecast for 1966, due to the disappointing development of Dutch exports, an unfavorable balance of services and sharply increasing imports. Originally a sizeable surplus had been predicted.

For 1967, a balance-of-payments surplus of $220 million is expected, based on an easing of the labor market and a hoped-for increased in Dutch exports, which may not materialize due to an expected slow-down in the economies of traditional trading partners.

Norway

Steady growth rate expected to continue with exports rising faster than imports

By GRANT O. OLSON
European Division, BIC

The Norwegian economy lived up to 1966 official forecasts of strong growth, which was reflected in practically all sectors of the economy. Prospects for a continuation of favorable economic conditions in 1967 appear good at this time. The outlook is good for American exports to Norway, which showed an increase of 7.2% during the first nine months of 1966 over the same period in 1965.

The country's Gross National Product (GNP) rose by 5% during 1966 to an estimated $7.4 billion (at fixed prices). A similar growth rate is forecast for 1967.

The Norwegian Coalition Government, which took office in 1965, has maintained so far the confidence of the business community. Its first budget and economic program, presented to the Norwegian Parliament at the opening of its regular fall session on October 3, was generally well-received. The budget called for expenditures totaling $1.8 billion, representing an increase of 10.9% over the 1966 budget.

Tax relief planned

This budget provides for increased expenditures for education, research, communications, health, social welfare and housing. The Government proposed a certain measure of tax relief by adjusting the sharply progressive nature of the income tax without lowering the tax rates. It also intends to remove the general sales tax on books and magazines. The budget is expected to increase inflationary pressures on the already fully-employed economy.

The Government's economic program stresses continued support for EFTA, promotion of EFTA-EEC cooperation, aid to developing countries, free competition in international shipping and improved East-West trade.

Prices in Norway are strongly influenced by international price developments, especially for bulk commodities. The wholesale price level has been maintained at a fairly constant level, while the cost-of-living index has shown a slow but steady rise.

Norway's foreign trade has shown a rising trend for both exports and imports. Total exports reached a level of $1.2 billion during the period January-September 1966, an increase of 9% over the same period in 1965. Increased exports of fish products, chemical fertilizers, ferro-alloys and aluminum contributed to the higher level of trade.

Total imports reached $1.7 billion during the January-September period of 1966, representing an increase of 3.6% over the same period in 1965. Industrial machinery, industrial raw materials, grain, fruits and vegetables contributed to the increase in import trade in 1966.

The United States continues to maintain its traditional postwar position as Norway's fourth-most-important supplier. The U.S. share of Norway's total import trade increased to 7.7% for January-September 1966. During the same period in 1965 it was 7%.

Preliminary U.S. trade data show that exports to Norway during the first three quarters of 1966 had a value of $104 million. This is an increase of 7.5% over the same period in 1965. Major commodity categories showed increases, with the exception of chemicals, machinery, and transport equipment. This latter group, which contributed 30% of U.S. exports to Norway, showed a decline of 14%. Lower value exports of airplane engines and parts, automobiles in the over-six-cylinder group, construction machinery and tractors contributed to the drop in machinery exports. U.S. wheat, corn, tobacco, and fresh and dried fruit exports showed rather sharp increases. Individual commodity groups, other than those first mentioned, showed increases or tended to remain at 1965 levels.

On January 1, 1967, Norway completed the elimination of the remaining import duties on industrial items originating in countries belonging to the European Free Trade Association (Austria, Denmark, Norway, Portugal, Switzerland, the United Kingdom, and associate member Finland).

Duty-free imports

American machinery and equipment may also enjoy duty-free treatment under Norwegian customs regulations if they are of a type or character not produced commercially in Norway.

The trade shows held during the past year at the U.S. Trade Center in Stockholm have attracted interested businessmen from Norway. Many American exhibitors at these shows have been successful in obtaining distributors for their products in the Norweign market.

The Norwegian merchant fleet, which totaled 16 million gross tons at the end of the third quarter of 1966 and is Norway's leading source of foreign exchange, reported increased earnings in 1966. An increase in the merchant fleet in 1967, when the import of ships is expected to reach one of the highest levels recorded in Norwegian import trade, is expected to result in increased net freight earnings. In order to maintain the competitive position of the Norwegian merchant fleet Norwegian shipowners are constantly ordering new and improved ships from domestic and foreign shipyards. American yards have not participated in the shipbuilding trade but they provide repair facilities for the large number of Norwegian ships that call at American ports.

These ships also provide outlets for a wide range of U.S. goods. This trade is not generally reflected in Norwegian import statistics.

Norway Imports, January-September 1966

Total imports	$1,684 million
From U.S.	$ 131 million
U.S. share	8%

Norway Exports, January-September 1966

Total exports	$1,145 million
To U.S.	$ 102 million
U.S. share	9%

Norway's chief imports from the U.S.:
Machinery, oilseeds, chemicals, grain, transportation equipment, fruit and vegetables, petroleum products, tobacco.

Norway's chief exports to the U.S.:
Aluminum, fish products, furs and skins, ships, iron and steel products, chemical fertilizers, paper and paper products.

Spain

Rapid economic development creates continued boom for imported goods

By RICHARD HUMBERT
European Division, BIC

U.S. exporters should continue to find Spain a very attractive market for their goods during 1967. In the first ten months of 1966, Spain's imports hit $2,993 million, a 22% increase over the same period in 1965, with the United States accounting for $512 million, or 17.2%. Imports will probably increase at least 20% this year.

Under the impetus of the Development Plan (1964-67) and continued massive foreign investment, the Spanish economy continues to move ahead with full employment of the labor force and near full utilization of industrial capacity. Demand will remain strong for capital equipment, raw materials and manufactured goods despite various government monetary and fiscal measures designed to dampen inflationary pressures.

Spain's economy remains one of the most dynamic in Western Europe as the gross national product is expected to increase by about 8% in real terms this year.

There were mixed feelings in the business community at the end of the third quarter, as some firms were hesitant to make new commitments without being sure of the availability of credit, and bankers were wary of the Government's indecision in its credit policy.

Last year, the Government imposed a limit on the allowable increase in credits, which hit the private sector hardest. However, there was some easing of credit in the third quarter.

Rising industrial costs, in part due to the increase in the minimum daily wage from 60 to 84 pesetas and strong internal demand, have contributed in large part to inflationary pressures. At the end of September, the wholesale price index was running at an annual rate of increase of 1.7%, while the consumer price index was expected to show a 5.5% annual increase.

Despite a good harvest last year, the Government will probably continue importing substantial quantities of foodstuffs to supplement domestic supplies and control prices.

Spain's surging economy will continue to sustain a high level of imports—total purchases are thought to have reached $3.5-3.6 billion in 1966. Imports of all commodity groups increased, with the exception of fertilizers and cement, in which Spain is now self-sufficient.

Spain Imports, January-October 1966

Total imports	$2,994 million
From U.S.	$ 512 million
U.S. share	17%

Spain Exports, January-October 1966

Total exports	$ 952 million
To U.S.	$ 116 million
U.S. share	12%

Spain's chief imports from the U.S.:
Non-electric machinery, corn, soybeans, electric machinery, transport equipment.

Spain's chief exports to the U.S.:
Olives and olive oil, textile yarn and fabrics, footwear, chemicals, wines, clothing.

The United States continues to maintain its position as Spain's principal foreign supplier. In the first ten months of 1966, imports from the United States rose to $512 million, up 18% over the same period in 1965, and accounted for 17.2% of the market—a slight increase over 1965.

Spain's exports through last October totaled $952 million, up 36% over the same period in 1965. Even with an excellent season for citrus exports, total sales abroad are not expected to reach more than $1.3 billion, thus producing a trade gap of $2.2-2.3 billion, some 20% higher that the whopping 1965 deficit.

The Spanish Government is engaged in a worldwide export promotion campaign to reduce its trade gap, aimed particularly at markets in the United States, the EEC, and Eastern Europe. In the first ten months of last year, Spanish exports to the United States rose to $115.8 million—a spectacular 38% jump over the similar 1965 period. For the first time, the United States became Spain's principal foreign customer, followed closely by France and the United Kingdom.

Prospects bright

Sales opportunities will continue to be excellent in most sectors of the Spanish market: agricultural commodities—soya beans, cereals (corn), animal feedstuffs, and tobacco products; coal and petroleum products; raw materials such as metals and metal scrap, iron and steel products; some unmanufactured textiles, equipment and tools for the agricultural and food processing sector; photographic goods; transport equipment; and industrial machinery of all types. Opportunities in this latter field have been broadened by the Government's efforts to speed industrialization and its previously announced policy of trade liberalization.

A considerable number of temporary tariff reductions for machinery and equipment not manufactured in Spain are currently in effect.

The tourism boom continues to enable Spain to cover a substantial portion of its trade deficit. Last year, approximately 17 million tourists visited Spain, providing about $1.2 billion in income.

Remittances help

In addition, remittances from abroad by Spanish workers, and increased foreign investment will probably hold the balance-of-payments deficit to about $200-250 million. This deficit amounted to $140 million in 1965.

Nevertheless, this will not impair Spain's ability to continue importing at high levels throughout 1967; at the end of September 1966, reserves stood at $1.1 billion, equivalent to about four months of imports.

Confidence in the future stability of the economy is evidenced by the unprecedented inflow of foreign capital and the number of new firms being established. Last year, U.S. investments are estimated to have reached $130 million.

Companies considering establishing operations in Spain are reminded that the Spanish Government recently increased the requirements to qualify for investment incentives in the development and trade promotion centers. See INTERNATIONAL COMMERCE, November 28, page 23.

Sweden

Capital outlays pace economic upswing; renewed consumer demand raises imports

By HAROLD A. McNITT
European Division, BIC

Sweden Imports, January-August 1966

Total imports	$2,972 million
From U.S.	$ 287 million
U.S. share	10%

Sweden Exports, January-August 1966

Total exports	$2,713 million
To U.S.	$ 185 million
U.S. share	7%

Sweden's chief imports from the U.S.:
Machinery, automobiles, chemicals and plastics, metals, fruit, fuels, textiles and wearing apparel, instruments, oils and fats.

Sweden's chief exports to the U.S.:
Machinery, automobiles, iron and steel, pulp, non-ferrous metals, manufactured articles, furs, paper and paperboard.

The prosperous, accessible Swedish market will offer attractive new sales opportunities to American exporters in 1967. The outlook is especially favorable for machinery and other capital equipment.

The big upsurge in capital outlays which began in late 1965 is still a major factor in Swedish economic activity. Demand for consumer goods is also rising after a temporary dip early in 1966. In spite of a general lack of bank liquidity and prevailing tight money conditions, the outlook is good for a moderate increase in the level of consumption this year.

Swedish Government economists predict that the gross national product (GNP) will increase approximately 4.5% (in constant prices) during 1967. Industrial production is expected to make a 6% volume increase, with biggest gains in the engineering and woodpulp industries. The 1966 GNP approached $22 billion, according to preliminary estmates, an increase of 3.9% over the previous year.

Swedish business confidence is reflected in the current high level of private investment. Outlays for machinery, including maintenance, are expected to increase by 6.5% (constant prices) in 1967, while industrial building construction will rise by about 8%. Because of a chronic shortage of skilled labor, automation and other labor-saving machinery are especially needed.

Rising prices continue to be a major problem for the Swedish economy. The consumer price index increased by more than 5% in 1966, and a further rise of 3-4% is anticipated this year. The price inflation has been accompanied by major wage increases. During 1966 nationwide wage agreements were reached after prolonged collective bargaining between employers' federations and the labor unions. As a result of the three most important negotiated agreements, Swedish wage-earners will receive increases totalling approximately 20% over the 1966-68 period.

The Government has adopted several monetary and fiscal measures to restrain the upward price trend. In mid-1966, the official rediscount rate was increased to 6%, the highest level in three decades. Indirect taxes on several consumer items have been increased, including automobiles, motor fuels, and alcoholic beverages. Additional measures which may be adopted are expected to have greatest impact on the consumer goods sector. Private investment for improved industrial facilities is considered vital for Sweden's long-term industrial growth and will be encouraged.

Reflecting strong Swedish demand for both consumer and prducer goods, Swedish imports in 1966 reached record levels. During the first eight months of the year, total imports reached $3 billion, up 4% from the corresponding 1965 period. Swedish imports from the United States during the January-August, 1966 period were valued at $287 million, an increase of 3% over the previous year. The U.S. share of the Swedish import market was 9.7% during the eight-month span, slightly below last year's share.

Promising prospects

Prospects are excellent for U.S. sales of industrial machinery in Sweden during the coming year. Within the forest products industry (paper, pulp, board, paper products, other wood products), there is currently a ferment of activity to increase productive efficiency through plant mergers and consolidations, and through installation of the most modern equipment available. To achieve economies of scale, numerous smaller, inefficient pulp and paper mills are being closed down and their operations transferred to larger units. In 1967, estimated investment expenditures for machinery in these industries will reach over $130 million (excluding maintenance).

The engineering industries—machinery, ships, automobiles, and metals—which together have the largest output of any branch of Swedish industry, also plan major capital outlays. Planned investments in machinery for this industrial sector in 1967 are valued at more than $260 million. Other major investment outlays are planned in the chemicals industry, in which outlays for machinery will approach $100 million. Stimulated by these and other investment expenditures, Swedish imports of machinery are expected to rise by as much as 7%.

Although the Swedish consumer goods market may be adversely affected to some extent by credit restraints and possible excise tax increases, the market will remain a strong one for high quality articles. Increasing interest in leisure-time articles, such as sporting goods, camping equipment, lawn and garden equipment, has been reported.

The U.S. Trade Center, located in downtown Stockholm, spearheads the U.S. export expansion program in Sweden. Designed to attract not only Swedish businessmen but also business visitors from the entire Nordic Area, the American showcase will present several major exhibits during 1967. A dairy and food processing equipment and packaging show is scheduled for February to be followed in late March and early April by a paper finishing and conversion equipment and supplies show. Other shows featuring a wide variety of products are in preparation; these will be announced in later issues of INTERNATIONAL COMMERCE. The Center, which opened in 1965, is available for use by U.S. firms and their overseas representatives for company exhibits, window displays, meetings, and many other purposes in addition to scheduled products shows.

Switzerland

Growth of exports slows as imports pick up; large deliveries of U.S. machinery expected

By WILLIAM YETT
European Division, BIC

The new year should bring a continuing vigorous increase in Swiss imports from the United States which is likely to outpace an anticipated rise in total Swiss imports.

Increased Swiss Federal Government expenditures, and an expected upturn in private investment and consumption should act to spur the Swiss economy on to a higher rate of growth than the moderate advances of the last two years. With U.S. suppliers sharing fully in the resulting general increase in Swiss imports, plus scheduled deliveries of U.S. commercial aircraft and nuclear equipment, this country should increase its share of the Swiss import market.

A recent softening in demand for Swiss exports and the continuing tight capital and labor markets will be moderating factors in the anticipated rise in overall economic activity.

The most significant restraint on investment has been the decline in industrial employment. In the first half of 1966 the number of industrial workers dropped 2.5% from the first half of 1965. The drop can be attributed primarily to the government-ordered reductions in the foreign labor force. The August 1966 labor census showed a decline in foreign labor of 4.1% from August 1965 and a drop of 10% from August 1964.

The reductions in the labor force have been an incentive for industrial expenditures to increase productivity of existing facilities. Since the volume of industrial building projects inspected during the first six months of 1966 was about 5% below that recorded in the first half of 1965, plant expansion has been limited. On the other hand, imports of machinery and instruments for January-October were running 9% above the level of the same period of 1965. It is felt that much of this equipment was intended to improve output of existing production facilities. The need for further streamlining of these facilities will probably lead to increased investment in 1967.

Switzerland's gross national product for 1966 is estimated at around $14.5 billion, some 3.5% above the 1965 figure in real terms. The growth rate is expected to be about the same in 1967.

Overall Swiss trade showed a trend shift at mid-1966. During the first half, exports grew more rapidly than imports. In the third quarter, however, the growth of exports began to slow, while imports picked up. Total Swiss exports for the first ten months of 1966 were $2,692 million, or 11.2% above the like period of 1965. Total ten-month imports were $3,262 million, up 7%.

U.S.-Swiss trade has recorded outstanding growth. Swiss purchases from this country during the first ten months of 1966 were $303 million, an increase of nearly 17% over January-October 1965. Swiss exports to this country for the same period were $291 million, up 24%. The United States share of the Swiss import market has increased from 8.5% to 9.3% for the January-October period of 1966, compared with the same period of 1965. This reversed the trend of the 1964-65 period, which saw the U.S. share decline. The big gainers among U.S. exports to Switzerland for the first nine months of 1966 were wheat, machinery, scientific instruments and photographic equipment.

Good prospects

With continuing good prospects for the sale of U.S. wheat, machinery and instruments, plus scheduled large deliveries of commercial aircraft to Swissair and equipment related to two large nuclear power reactors, growth of U.S. exports to Switzerland in 1967 should be even greater than that registered in 1966.

The Swiss determination to increase productivity offers a rich sales potential for technologically-advanced U.S. labor-saving equipment. Promising prospects are seen for such product lines as scientific and technical instruments; materials handling equipment; process control and recording equipment; plastic materials; hand tools; building materials; automobile maintenance and repair equipment; office equipment; medical, dental and surgical equipment; industrial and military electronic equipment and components; and prefabricated structures and components.

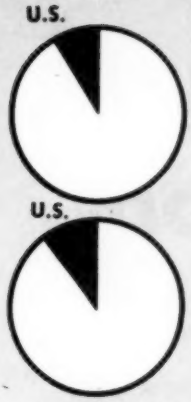
Potential for consumer goods

There is also believed to be a good potential for such consumer items as furniture and furnishings, pleasure boats and other water sports equipment, and wearing apparel and accessories.

U.S. promotions in Switzerland in 1967 will include a Department of Commerce-supported America Weeks sale at Herren Globus, a multi-branch men's clothing store. This promotion will run from February to September. A limited U.S. participation is also planned for the International Textile Machinery Fair to be held in Basel from Sept. 27 to Oct. 6.

The rising cost of living which had threatened to get out of hand at the beginning of 1966, assumed a less alarming pace after the first half of the year. At the end of September the retail price index stood only 4.1% above that of a year earlier, compared with a 4.8% rise from June 30, 1965, to June 30, 1966, and a 5.4% increase from March 1965 to March 1966. The greatest increase was in rents, which rose 8% during the 12 months ended September 1966.

One of the interesting aspects of the Swiss economy during 1966 was the increase in industrial production, despite a declining labor force and limited investment. Production for the first half of 1966 was 4.5% above the comparable period of 1965. Watch production, with a growth over the period of 17.2%, showed the most impressive gain.



Switzerland Imports, January-October 1966

Total imports	$3,262 million
From U.S.	$ 303 million
U.S. share	9%

Switzerland Exports, January-October 1966

Total exports	$2,692 million
To U.S.	$ 291 million
U.S. share	11%

Switzerland's chief imports from the U.S.:
Industrial machinery, motor vehicles, tobacco, textiles, organic chemicals, precision instruments, aircraft.

Switzerland's chief exports to the U.S.:
Watches, industrial machinery, textiles, precision instruments, organic chemicals, dyestuffs.

United Kingdom

Imports from U.S. may increase despite economic austerity program

By PAUL A. NORLOFF
European Division, BIC

U.S. exports of non-agricultural goods to the United Kingdom in 1967 may increase slightly over the 1966 level, even though the current outlook is for British imports as a whole to remain steady or drop slightly.

Government policy aims at expanding exports and cutting back imports in order to overcome balance-of-payments difficulties, but the corollary necessity to expand industrial investment and rationalize production for export should create good export opportunities for U.S. capital goods.

Drastic action to resolve the balance-of-payments problem was taken in mid-1966 with a six-month freeze on incomes and prices, cuts in tourist allowances and public overseas expenditures, increases in direct and indirect taxes, restraint of credit expansion and installment buying, reductions in public spending and a firm declaration that the government intended to restrain domestic demand in order to release productive capacity for increased exports.

Subsequent enforcement of these measures has resulted in stabilizing wages, prices and dividends, higher unemployment, cutbacks in private investment plans and reductions in consumer expenditures and the index of industrial production.

By late 1966, it became clear that the freeze would probably be enforced through the first half of 1967.

British exports and imports developed favorably in the latter half of 1966, with declining trade deficits in August and September followed by a reported record trade surplus in October. The removal on November 30 of the 10% import surcharge is widely expected to result in some increases in imports, but any rise is likely to be damped by the reduction of internal demand flowing from the Government's austerity measures.

Gross national product, which rose to $86.2 billion in 1965 from a level of $81 billion in 1964, may have reached $90 billion in 1966, but the growth in real terms was only 2.5%.

On the other hand, the deficit in the balance of payments is expected to be eliminated by mid-1967, with the possibility of reaching a $500-600 million surplus by the end of the year.

Early in 1967 the first repayments will be made to manufacturing industry under the Selective Employment Tax (SET) scheme, which aims at transferring labor from service to manufacturing industries. Exports are expected to be aided by an increase in rebates which compensate producers for recent increases in indirect taxes.

New manufacturing investments in 1967 and 1968 will benefit from recent increases in investment grants, which may now apply to 25% of machinery and equipment purchases throughout the country and to 45% of such expenditures in specified development areas.

Combined with the measures mentioned earlier, these make up the major present components of the British Government's efforts to restrain domestic demand, improve industrial productivity and the price competitiveness of export goods.

Trade balance improving

United Kingdom imports during the first nine months of 1966 totaled more than $12.7 billion, a gain of about 6% over the comparable period in 1965.

There were major increases in imports of non-electrical machinery, up 19% to $918 million; non-ferrous metals, 22% to $914 million; chemicals, 8% to $636 million; paper and paperboard and manufactures, 12% to $293 million; electrical machinery, 21% to $316 million; textiles, 11% to $349 million; transport equipment, 9% to $227 million; and professional and scientific apparatus, 10% to $169 million.

British imports from the United States during the same period advanced by 11% to $1,517 million, and the U.S. share of total imports expanded from 11.4% to 11.9%.

Principal product categories pacing the rise in UK imports from this country (percentage increases in parentheses) were: cereals, $159 million (35%); plastics, $52 million (22%); non-ferrous metals, $117 million (34%); non-electrical machinery, $227 million (4%); electrical machinery, $121 million (19%) professional and scientific equipment, $56 million (16%); and chemicals, $57 million (4%).

Good sales potential

Those products which appear to offer good sales potentials for U.S. exports include the full range of general industrial equipment, especially precision machine tools, industrial process controls, electronic instruments and components and technologically-advanced electrical and non-electrical machinery.

Upcoming exhibits scheduled for the first half of 1967 in the U.S. Trade Center in London include: electrical control equipment, January 17-27; furnishing fabrics, March 14-23; high-vacuum equipment and systems, April 10-14; and specialized packaging machinery and materials, May 17-26.

In addition to these exhibits, the U.S. will participate in the London International Engineering Exhibition, April 25-May 4.

United Kingdom Imports, January-October 1966

Total imports	$14,026 million
From U.S.	$ 1,685 million
U.S. share	12%

United Kingdom Exports, January-October 1966

Total exports	$11,958 million
To U.S.	$ 1,485 million
U.S. share	12%

United Kingdom's chief imports from the U.S.:
Non-electrical machinery, cereals and preparations, electrical machinery, non-ferrous metals and chemicals.

United Kingdom's chief exports to the U.S.:
Transport equipment, non-electrical machinery, whiskey, iron and steel, textile yarns, fabrics and articles.

Yugoslavia

Trade liberalization program widened; offer growing market for U.S. goods

By ARTHUR J. LAEMMERZAHL
European Division, BIC

Yugoslavia's exports and imports will continue to expand during 1967. The stimulus given to Yugoslavia's participation in world trade by the institutional changes of economic reforms is being reinforced as Yugoslav producers become adjusted to the new methods of doing business. Increased hard currency earnings, plus greater independence in conducting foreign trade on the part of individual Yugoslav enterprises, promise rewards for the U.S. businessman marketing in Yugoslavia.

In 1966, the Yugoslav economy responded enthusiastically to the new conditions imposed by the economic reform of July 1965. Encouraged by this performance, and mindful of the necessity to further implement its program of trade liberalization, Yugoslavia has taken several measures, which went into effect on Jan. 1, to free imports and leave additional amounts of hard currency at the free disposal of the enterprises. Basically, the reform has made Yugoslav producers more outward-looking, both as regards potential markets and sources of supply.

Yugoslavia Imports, January-September 1966

Total imports	$1,155 million
From U.S.	$ 172 million
U.S. share	15%

Yugoslavia Exports, January-September 1966

Total exports	$ 861 million
To U.S.	$ 56 million
U.S. share	6%

Yugoslavia's chief imports from the U.S.:
Wheat, cotton and vegetable oil under PL-480, scrap metals, coal and coke, and industrial machinery.

Yugoslavia's chief exports to the U.S.:
Tobacco, lead, canned meat, furniture, and electrical equipment.

Growing pains

Production and productivity in Yugoslavia are rising again, but the stable growth during most of 1966 has recently been threatened by inflation. Investments and personal income have turned up sharply, while consumer goods have remained in short supply, resulting in considerable pressure on prices.

After the deliberately-imposed slowdown in the GNP growth rate in 1965—when there was an increase of only 3% over 1964—the rate of growth is now approximating the substantially higher target level of the 1966-1970 social plan. This plan calls for an annual expansion in national income of from 7.5 to 8.5%, and a yearly growth in industrial production of between 9 and 10%.

GNP growth in April-Sept. 1966 was officialy calculated at 9-10%, in real terms, above the corresponding period of 1965. A 20% gain in agricultural yield was offset by a growth in industrial production of only 5%.

Industrial branches attaining the highest output gains were: oil (up 20%); chemicals and shipbuilding (up 17%); and rubber, electric power, and textiles (up 8-9%). Coal and tobacco production declined, while the metals and building materials industries stayed at 1965 levels. Behind the production climb was a 7-10% rise in productivity, mostly due to reductions in the labor force. Production in Croatia, benefitting from the chemical plants, oil, and farming within its borders, grew 10% compared with 3% in Slovenia, another industrialized republic.

In one sense, business confidence in Yugoslavia is very high. At the same time, there can be no denying that some individual producers have been hard hit by the reform. Faced with rising wages, controlled prices, increased foreign competition, a drying up of available investment funds, and difficulties in penetrating foreign markets, numbers of enterprises are in serious trouble, and mergers have become the order of the day. Yet this is the expected result of a policy meant to streamline the Yugoslav economy for more successful participation in international trade. Most producers welcome the new conditions of doing business.

Foreign trade increases

During Jan.-Sept. 1966 the value of Yugoslavia's foreign trade continued to increase over the corresponding period of 1965—exports climbed 14.3% to $861 million, and imports 19.7% to $1,155 million. Principal export items were machinery, transport equipment, manufactured goods, and food products.

Imports featured machines and industrial goods, raw materials and foodstuffs. Regional trade patterns were favorable, as the deficit with convertible currency countries narrowed and the surplus with Eastern European countries decreased. Through September 1966, imports from the U.S. rose 5.3% to $171.6 million, while exports to the U.S. climbed 22.3% to $56.3 million. At the same time, the U.S. share of the Yugoslav market dipped from 17% to 15%.

Three new laws became effective on Jan. 1 concerning the conduct of foreign trade. Because they significantly reshape the manner in which Yugoslav enterprises may engage in foreign trade, they are being reported in detail in current issues of INTERNATIONAL COMMERCE. In addition to substantially freeing imports (48.2% by value), abolishing the "export in order to import" method of allocating foreign exchange, and allowing Yugoslav enterprises to retain a larger portion of their foreign exchange earnings, they permit end-users generally to engage in foreign trade, allow producers to represent in Yugoslavia foreign firms in allied lines, and break the National Bank's former monopoly in the financing of foreign credit transactions. Proposals for a new law on foreign investment are now under discussion.

Yugoslavia's "new look" is putting increased emphasis on greater productivity and large-scale production, and the interest in automation equipment should benefit the U.S. supplier. Yugoslav producers are also turning to the United States for the services of experts in the fields of marketing and technical consultation. Furthermore, 1966 made painfully evident the shortage of facilities in tourism and agriculture. Yugoslavia enjoyed a record year in both fields (earnings from tourism were approximately $150 million), and U.S. suppliers of equipment for these areas should be able to land substantial sales in Yugoslavia.

Far East sales at peak

Varying economies offer range of opportunities for U.S. exporters

By ROBERT M. KLEIN
Deputy Director
Far Eastern Division, BIC

Overall U.S. sales to the Far East in 1967 should easily exceed the $5 billion mark for the first time, and may better the impressive percentage gains registered this past year when all-time highs were recorded for two-thirds of the countries of the region.

Most of the area's nations continue to display steady economic progress as well as internal stability, and foreign exchange availabilities—as augmented by grant aid and loans—are generally adequate to finance essential purchases. With the Far East accounting for nearly one-sixth of total U.S. sales abroad, our trade with the region has continued to follow a strong upward trend.

U.S. Census data for the first ten months of 1966 indicate that U.S. exports to the Far East (including Oceania) were up by 9% over the corresponding period of 1965. The Jan.-Oct. total, at $4 billion, was somewhat inflated by the recent inclusion of figures for special category commodities for all but three countries (South Viet-Nam, Thailand, and Laos). For the most part, however, the inclusion of such military items does not seriously alter the general trade picture.

The 1966 sales gains were broadly dispersed, with higher purchases being made by 12 of the region's 15 countries. Reduced buying was evident only on the part of Australia, the Philippines, and New Zealand.

Japan top customer

Nearly one-half of overall U.S. exports to the Far East is accounted for by Japan; Australia and the Philippines together normally make up an additional one-fourth of the total. With Japan recovering from its 1965 business slowdown more rapidly than had been anticipated, as reflected in a prediction of a 9% real gain in GNP for the fiscal year ending next March, U.S. sales to that country for the first ten months of 1966 had spurted by 13%. Another substantial rise is expected this year as the Japanese economy continues its high rate of growth.

The reverse was true of Australia where, in line with a contraction in the country's total purchases, U.S. exports last year fell significantly from the benchmark established in 1965. With an improved foreign exchange position and some economic indicators pointing to an upswing, the United States should recover some of the ground lost last year.

For the Philippines, where U.S. exports in 1966 retreated further from the record high of 1964 in the face of textile import restrictions, new consular invoice requirements, and intensified Japanese trade activity, the United States will do well to show fractional gains in 1967.

In percentages, the largest drop in U.S. exports to the Far East last year was recorded in the case of New Zealand, where government restrictions for balance-of-payments reasons cut into U.S. sales. Some recovery is expected, however, in 1967. In contrast, and as expected, shipments to South Viet-Nam registered the sharpest increase, and military and political developments will govern the extent of the gain this year. U.S. sales to nearby Laos, also bolstered by economic assistance, will continue to be related to aid programs. Trade with Cambodia will remain at minimal levels.

U.S. sales to other expanding parts of the region—Korea, Taiwan, Malaysia, Singapore, Hong Kong, and Thailand—should continue to show further advances this year, with exports to Thailand being partly related to increasing U.S. programs and shipments to Korea somewhat less so as the aid program is gradually scaled down. Exports to the previously depressed Indonesian market should rise as the result of U.S. economic assistance.

On the import side, U.S. purchases from the Far East for the first ten months of 1966 rose by one-fourth, for a projected annual total of $5 billion. The Far East thus continues its remarkable performance in the U.S. market, where a similar expansion was recorded the previous year. Once again, the major factor was a 26% jump in Japanese sales, which represent about 60% of our Far East purchases. Most of the countries, however, shared in the enlarged import bill, with the heaviest percentage rise being registered by Thailand. Further gains are expected this year.

This increase in sales to the United States mirrors, to some extent, the growing awareness by foreign suppliers of the diversity of the U.S. market. By the same token, there is an increasing recognition on the part of U.S. exporters of the wide diversity of the Far Eastern market. It includes highly industrialized Japan, the high-income countries of Australia and New Zealand, and other nations in varying stages of economic development. Thus the efforts of U.S. suppliers, as well as those of the U.S. Government, must be geared to the unique needs—and demands—of each individual country.

Promotional efforts

The Department of Commerce has utilized a variety of trade promotional efforts directed at developing and expanding the U.S. role in Far Eastern markets.

In the past few months, official trade fair participation included the First Asian International Trade Fair in Bangkok and a solo exhibition of light industrial equipment in Hong Kong. This year's schedule is planned to include the International Engineering Exhibition in Melbourne (August), the New Zealand International Trade Fair in Wellington (August), the Japan Electronics Show in Osaka (Sept./Oct.), and a solo exhibit of U.S. industrial machinery in Taipei (Oct./Nov.). Visits by mobile trade fairs are also scheduled for a number of countries in the area.

Because most of the countries have been visited by official trade missions over the past few years, emphasis is currently being placed on an expanded program of industry-organized, Commerce Department-approved missions.

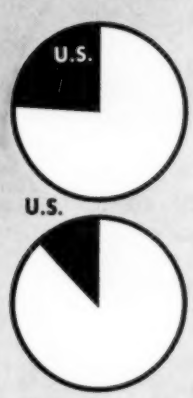
In the meantime, the U.S. Trade Centers in Tokyo and Bangkok continue with their program of periodic shows tailored to the respective markets which they serve, while Sample Display Centers in Manila, Bangkok, and the recently opened one in Melbourne, are developing local agencies for U.S. suppliers through rotating product displays.

Beyond the purely trade aspects of our commercial relations with the Far East, U.S. firms have also been increasing their participation in the economic growth of the area through a wide range of licensing agreements and direct investments. These activities have been of significant assistance to the economic development of certain countries, and more involvement by U.S. firms is required to maintain their forward momentum.

Australia

Upturn is in sight after period of general economic sluggishness

By DEANE M. BLACK
Far Eastern Division, BIC



Australia Imports, January-September 1966

Total imports	$2,466 million
From U.S.	$ 619 million
U.S. share	25%

Australia Exports, January-June 1966

Total exports	$1,544 million
To U.S.	$ 197 million
U.S. share	13%

Australia's major imports from the U.S.:
Automobiles, tractors, aircraft, metal-working machinery, textiles, plastics, mining machinery, radio and TV apparatus, tobacco.

Australia's major exports to the U.S.:
Beef and mutton, raw wool, metals and ores, frozen lobsters, casein, hides and skins.

After a period of general slackness in economic activity extending into the September quarter, there are indications that an upturn is in sight in certain sectors of the Australian economy.

Concurrently, there are also signs of an overall improvement in the external trade position. Exports are expected to increase substantially in 1967 and imports may rise moderately.

U.S. exports to Australia should rise along with the limited increase in total imports, after the fall-off in American sales in 1966.

Australia's GNP in the third quarter was 6% above the figure for the corresponding quarter last year in real terms.

Automobile sales made moderate rises in September and October, and farm incomes are expected to be higher now that the drought is over. Bumper crops are forecast along with better prices, although it will take some time to rebuild cattle and sheep herds after the heavy drought-induced slaughter.

The large public expenditures, including more than $1 billion for defense, provided in the August Federal Budget should provide some further stimulus to economic activity and serve to offset some of the recent slackness in private expenditure. Unemployment remains low, at a little over 1% of the work force.

May need stimulation

The Government's Economic Survey for 1966 notes that "the outlook as a whole seems reasonably propitious both abroad and at home, and there is certainly a strong urge for expansion within the economy . . ." Nevertheless, the Government may well take another look at economic conditions now that the elections are over, to determine if any further stimulatory action may be advisable.

There continues to be some uncertainty in the business outlook, probably stemming from some of the adverse influences which have been dominating the Australian scene for more than a year.

One of the factors contributing heavily to the lack of confidence has been the psychological impact of the British and U.S. measures restricting capital outflow, in view of Australia's continuing needs for development capital.

Australia's external position is improving and several factors point to a favorable outlook for the months ahead. The trade deficit was reduced from $301 million in fiscal 1964-65 to $256 million at the end of June 1966.

Apparent net capital inflow in 1965-66 was nearly $1 billion, a rise of almost 65% over 1964-65; foreign exchange reserves at the end of September stood at $1.4 billion, a rise of 5.3% over the year before.

Total import bill

Australia's total import bill in fiscal 1965-66 amounted to $3.3 billion, a decrease of 13% from 1964-65; exports were $3.05 billion, a rise of 12% over the previous year.

While total imports declined, the U.S. share of the Australian market rose slightly from 23.8% to 23.9% in 1965-66. At the same time, the U.S. share of Australia's exports increased from 10% to 12.4%.

Available figures for July and August indicate that the U.S. share of imports for those two months increased one percentage point to 24.9%, whereas the U.K. share dropped to 22.9%. Thus, the U.S. became for the first time the major source for Australian imports, although the figures for the U.K. were affected adversely by the dock strike in Britain.

Japan's share of the Australian market also dropped in these two months.

Two areas contributed significantly to the rise in Australian exports in fiscal 1965-66. Exports of manufactured goods rose $72 million or 20%, and exports of coal, titanium and zirconium concentrates, unwrought lead and zinc, and iron ore rose $29 million or 16%.

U.S. exports to Australia dropped along with the general 1966 decline in Australian imports. In the first nine months of 1966, U.S. exports were $481.4 million, a decrease of 11% from the same period in 1965. For the same 1966 period, imports from Australia increased 35% to $294 million.

The drop in U.S. exports is believed to be due principally to the general sluggishness throughout the Australian economy and the prolonged effects of the drought.

With continued expansion in Australian mineral industries and the prospects for increased sales at good prices for Australia's farm produce, U.S. exports to Australia in 1967 are expected to increase, although moderately.

Some $475 million of defense materials and equipment will be obtained in the United States over the next several years. Extensive developments in aluminum, and gas and oil exploration and development are also expected to continue to generate a demand for U.S. capital goods and equipment.

Trade promotion

A Sample Products Display is now available at the U.S. Consulate General in Melbourne, where U.S. exporters can display and demonstrate certain products free of cost. Potential local buyers and agents will be invited by the Commercial Officer to view the displays.

The Department of Commerce will also participate next year in the Melbourne Engineering Exhibition, scheduled for August 7-12, where metalworking equipment, general industrial engineering equipment and accessories, and industrial heating equipment will be shown.

Hong Kong

Economy shows signs of comeback; U.S. introduces new equipment

By TADD A. LINSENMAYER
Far Eastern Division, BIC

Hong Kong Imports, January-October 1966

Total imports	$1,456 million
From U.S.	$ 157 million
U.S. share	11%

Hong Kong Exports, January-October 1966

Total exports	$1,080 million
To U.S.	$ 307 million
U.S. share	28%

Hong Kong's major imports from the U.S.:
Cotton, cigarettes and tobacco, unset diamonds, plastic materials, pharmaceuticals, air conditioners, fruits.

Hong Kong's major exports to the U.S.:
Cotton fabrics, clothing, transistor radios, plastic flowers and toys, rattan articles, wigs.

Hong Kong's trade should continue to develop along the same lines as it has in the past, with no radical changes expected for 1967. Imports should grow by around 10%, perhaps reaching close to the $2 billion mark. The United States is expected to continue to hold 10-12% of the market.

The year 1966 was a relatively tranquil one for Hong Kong's economy, and saw a gradual restoration of business confidence. Bank credit remained tight compared to the period prior to the 1965 bank runs, though increased deposits may ease this situation in 1967. Bank deposits as of September 30 had increased to $1,421 million, 20% above the level of a year earlier. Bank loans, at the same time, amounted to $924 million, an increase of only 6% over the level reached in September 1965.

Despite the tightening of credit, it appears that bank credit facilities in Hong Kong continue at a level of activity second only to Japan in the Far East.

Several sectors of the Hong Kong economy continue to enjoy a fairly rapid growth rate. The electronics industry, built largely around U.S. capital and technology, is still making impressive strides, with exports of electronic tubes, valves, and other components through September nearly 145% higher than the comparable 1965 level.

Exports of wigs to the United States approached the level of trade prior to late 1965 when a temporary U.S. ban on imports was imposed because of the possibility that the wigs contained materials of Communist Chinese origin.

Comprehensive Certificate of Origin procedures were worked out early in 1966, after which trade resumed.

Construction of small yachts and other pleasure craft increased, with builders reportedly fully occupied through the end of 1966. The breaking of ships for scrap steel, however, continued to decline. Increased demand for shipping has reduced the number of aging ships available for scrapping, while imported structural steel from Japan has displaced the Hong Kong product.

Total building construction, while still at a fairly high level relative to other Far Eastern areas, declined through the first six months of 1966. Construction of industrial buildings, however, increased nearly 60% over the January-June 1965 level.

The value of new construction in this period was $81 million, with residential construction accounting for $53 million, or two-thirds of the total. Industrial construction amounted to $16 million.

Hong Kong's total imports for the first seven months of 1966 increased only 3% over the level for the same period in 1965—a rate of growth well below the average for the Colony. Imports in August, however, suddenly shot 35% above the August 1965 level, followed by gains of 47% in September and 25% in October. Total imports by the end of October thus stood at $1.46 billion, 13% above the comparable 1965 level.

The sharp increase from August to September is partly attributed to the fact that a large number of Hong Kong importers attempted to beat the imposition of a new 0.05% ad valorem tax on all import and export declarations. The new tax, which went into effect on October 3, will be used to support Hong Kong's export promotion programs.

Boosts exports

Imposition of the new tax also had the effect of boosting the level of exports. July exports had risen at a rate of only 8%, but with increases of 27% in August, 45% in September, and 25% in October, the figure for the year reached $1.08 billion, 16% above the comparable 1965 level.

Hong Kong's trade in 1967 is expected to ease back into a more normal growth pattern.

The United States did not share equally in the increase of imports into Hong Kong, however. Imports from the United States through October reached $157 million, 9% above the October 1965 level. Prior to the August upsurge in trade, imports from the U.S. actually stood slightly below the 1965 level.

Because imports from the U.S. in this period did not match the overall import growth rate, the U.S. share of the market slipped slightly from 11.2% to 10.8%. The U.S. still maintained its position as the Colony's third largest supplier however, behind Communist China and Japan but slightly ahead of the United Kingdom.

To expand the U.S. share of the Hong Kong market, the U.S. Department of Commerce recently staged an exhibition of American light industrial machinery. This exhibition, which ran from October 31 to November 11, featured the products of 29 American manufacturers, six of whom had not previously done any business in Hong Kong. Exhibitors demonstrated machinery in the fields of assembly and production equipment, packaging equipment, and measuring, testing, and quality control equipment.

Post-exhibition reports showed total off-the-floor sales of $483,000, with over $1.9 million in sales projected through 1967. The 23 firms in the assembly and production equipment field reported off-the-floor sales of $402,000, compared to $66,200 for the five packaging machinery and equipment firms, and $15,000 for the two firms in the quality control and testing equipment field.

The sales results of this exhibition and the fact that more than 4,800 Hong Kong businessmen, manufacturers and technicians came to view the equipment, indicate that there is a growing interest among Hong Kong firms in new types of U.S. machinery and equipment.

Indonesia

Foreign exchange restrictions eased, but import outlook remains limited

By M. VIRGINIA WEBBERT
Far Eastern Division, BIC

U.S. Exports to Indonesia

January-September 1966 $ 43 million

U.S. Imports from Indonesia

January-September 1966 $137 million

Indonesia's major imports from the U.S.:
Machinery, aircraft and other transportation equipment, rice, cotton, chemicals and pharmaceuticals, metal manufactures, lubricating oils.

Indonesia's major exports to the U.S.:
Crude rubber, crude petroleum, coffee, spices, tea.

The outlook for U.S. trade with Indonesia is improving because of the renewal of a U.S. aid program, the more encouraging business climate, and the easier access to foreign exchange to finance specified imports.

However, even if total relief from debt servicing is granted in 1967, Indonesia will require a substantial level of foreign aid to pay for required imports. Hence, opportunities for commercially financed exports from the U.S. are still limited.

The International Monetary Fund is helping Indonesia formulate a program for economic recovery and stabilization. Its suffocating foreign debt of some $2.5 billion is being rescheduled. A major meeting on this subject was held in Paris in December by Western creditors. The USSR is also willing to grant rescheduling relief.

The U.S. furnished $46.4 million in P.L. 480 dollar loans for rice and cotton in 1966, and has authorized a $10 million AID loan for spare parts and raw materials. Technical assistance is also being given for training Indonesians in the U.S.

However, neither the Export-Import Bank nor the Foreign Credit Insurance Association has resumed credit guarantees or insurance for U.S. exports to Indonesia, nor are any Eximbank project loans currently under consideration.

In addition to previously announced non-U.S. aid totaling some $56 million (mainly from Japan, India, West Germany, and the U.K.), West Germany has granted an additional $12.5 million, the Netherlands $18 million, and France $4 million.

Some countries will undoubtedly grant further credits in 1967 and the completion of Indonesia's admission to the IMF, World Bank, and Asian Development Bank will enable it to approach these organizations for major credits.

Inflation, though more moderate during the second half of 1966, remained a most serious problem. Government expenditures were not sufficiently cut to reduce budget deficits significantly and the money supply, which doubled in both the first and second quarters, continued to increase. By December, prices and exchange rates appeared to be stabilizing, although the temporary stagnation of the trading sector, as reforms were made, was a contributory factor.

Non-petroleum exports last year were expected to exceed the 1965 level but petroleum exports continued low. Imports in 1966 were probably well below the 1965 level, as reflected by drastic cuts in imports from the major supplier, Japan.

Indonesia's stabilization program began taking shape in the third quarter of 1966. It called for budget balancing by intensified tax collection and cuts in spending; foreign trade and exchange reforms to stimulate exports, moves toward a unitary fluctuating exchange rate, create a freer trading climate, and increased government revenues; phasing out subsidies to state enterprises; lifting price controls for some products; and a more favorable foreign investment climate.

The government is also encouraging private domestic participation in trade and other business.

Expanded free exchange

By increasing export bonuses in October to at least half of export proceeds for all products except oil the government raised incentives for exporters and also considerably expanded the free exchange market. The retained exchange may be sold on the open market at competitive rates and used to import specified commodities.

While there is currently a shortage of rupiah financing for imports due to bank credit restrictions, the low level of production and profits in business enterprises, increased taxes, and other factors, imports will be facilitated by the freer system of bidding for available foreign exchange which is expected to prevail.

Japan and West Germany continued as the leading exporters to Indonesia in 1966, although Japan's exports of $53.9 million in the first eight months were 58% below the same period of 1965 when substantial credit had been given. West Germany increased its exports to $49.5 million, while the Netherlands supplied goods valued at $18.8 million, Italy $9.6 million, and the U.K. $6.1 million in the Jan.-Aug. 1966 period.

U.S. exports to Indonesia valued at $43.3 million for the first nine months of 1966 were over 30% higher than in 1965, mainly because of shipments of AID-financed rice ($7.9 million) and cotton ($4 million). Machinery and transportation equipment shipments totaled $21.5 million and included $10.1 million for aircraft and parts. Chemical exports (including pharmaceuticals) totaled $2.4 million and petroleum products $1.1 million.

U.S. imports from Indonesia through September amounted to $137.3 million, compared to $119.6 million in the same period of 1965, and consisted of crude rubber ($65.4 million), crude petroleum ($28.8 million), coffee ($19.6 million), spices, and tea.

U.S. export opportunities continue to be best in machinery and transportation equipment, and raw materials for agriculture and industry, as Indonesia strives to expand agricultural output, increase textile production, and repair its deteriorated industries and power and transportation systems.

A substantial increase in foreign business activity is expected since Indonesia's debt is being rescheduled and the new foreign investment law was passed by Parliament on Dec. 24. This law gives foreign investors full ownership and management rights and provides for liberal tax incentives and repatriation of capital and profits. The Government has announced its intention to return all foreign businesses previously taken over, provided the provisions of the investment law are observed.

Many U.S. investors are awaiting the conclusion of an Investment Guaranty Agreement between the U.S. and Indonesia, for which the prospect is currently favorable. Settlement for Indonesian takeovers of American investments is also expected to help assure potential new U.S. investors of Indonesia's good intentions.

Japan

Some quantitative restrictions lifted; investment policy still needs liberalizing

By RAYMOND W. EISELT
Far Eastern Division, BIC

U.S. exports to Japan established new records in 1966, exceeding $2 billion for the second consecutive year. The outlook for 1967 is for another significant expansion in U.S. sales.

Based on straight-line projections of export statistics through September, the total for 1966 should have easily exceeded $2.2 billion.

With some Japanese sources predicting an overall import increase of 18% for Japan Fiscal Year (JFY) 1966 (ending March 31, 1967), and expectations of continued expansion of Japanese imports for JFY 1967 as well, the pattern of rising U.S. exports to Japan should be sustained for the coming year.

Japan Imports, January-September 1966

Total imports	$6,968 million
From U.S.	$1,948 million
U.S. share	28%

Japan Exports, January-September 1966

Total exports	$6,962 million
To U.S.	$2,216 million
U.S. share	32%

Japan's major imports from the U.S.:

Soybeans, industrial machinery, wheat, corn, grain sorghums, cotton, softwood logs, aircraft, coal, ferrous scrap, petroleum products, hides and skins.

Japan's major exports to the U.S.:

Iron and steel, clothing and textiles, radios and TV, motorcycles and automobiles, electrical machinery, musical instruments and sound equipment, scientific instruments, toys and sporting goods.

However, the record U.S. shipments to Japan have been more than offset by an even larger increase of U.S. imports from Japan, $2,465 million through October 1966, according to U.S. Census Bureau data, which exceeded our total 1965 purchases from Japan. By September 1966 the U.S. trade deficit with Japan was almost $547 million, with an even larger gap foreseen for full year 1966. This will substantially exceed the 1965 deficit of $357 million.

Japan has recovered more rapidly than was originally expected from the business doldrums which plagued its economy from late 1964 through most of 1965. Although there is some weakness in certain sectors of the economy—bankruptcies in small and medium industries are still running at high levels—the overall picture at this time is one of strength and upward movement.

Upward revisions

The Economic Planning Agency (EPA), revising upward estimates made earlier this year, expects Japan's GNP to exceed $98 billion in JFY 1966. This represents a real increase of 8.7%—the earlier projection had set the rise at 7.5%—over JFY 1965. (The EPA has recently shifted to the United Nations formula, used by many other countries, in calculating GNP statistics. The result is that GNP statistics calculated under the UN formula exceed by 10% GNP figures computed under the previous method. The estimated GNP for JFY 1966 used in the July 18, 1966 INTERNATIONAL COMMERCE outlook article was shown in terms of the old method of calculation and thus understated Japan's estimated JFY 1966 GNP by approximately 10%).

A recent survey conducted by the Ministry of International Trade and Industry reveals that planned capital outlays for industrial equipment for the balance of JFY 1966 will rise by more than 4%. The survey also indicates that for JFY 1967, 1643 firms report that capital investments will rise by 8%; for the 15 major industries surveyed, the estimate is 10%.

U.S. holds share

The U.S. share of the Japanese market during 1966 has been maintained at about 28%. Expected proportionately higher export shipments in the fourth quarter of 1966 may lift the U.S. portion to 29%, the share of the Japanese market held by the United States in 1965. While an absolute increase in U.S. exports to Japan is foreseen, it is possible that the high U.S. share of the Japanese market may slip slightly in 1967 and beyond.

The United States, two-thirds of whose exports to Japan are made up of raw materials and foodstuffs, may be adversely affected by Japan's increasing reliance on Communist Bloc countries.

Among U.S. exports showing better sales during January-September 1966 over the corresponding 1965 period were wheat, cereal grains, soybeans, softwood logs, organic chemicals, office machines, electric power machinery, and electron tubes.

On October 1, 1966, the Japanese Government lifted quantitative restrictions on the import of tantalum, penicillin, and certain classes of outboard motors. Although the vast bulk of Japan's import trade has been liberalized, the Japanese government still maintains quantitative import restrictions on some items which are of considerable importance to the United States.

The Department of Commerce, utilizing information gained from market research prepared in Japan, has determined that the following product categories offer good trade development opportunities in the coming months and has scheduled shows at the U.S. Tokyo Trade Center which will feature these lines: industrial hand tools, specialized electronic systems and instrumentation, and equipment and supplies for commercial and residential buildings. Other possibilities include equipment for the shipbuilding industry, and commercial laundry and dry cleaning equipment.

Trade show activity

Additionally, increased U.S. participation in Japanese-sponsored trade shows is being contemplated, starting with the Japan Electronics Show to be held in Tokyo in September 1967.

Despite the large expansion in two-way trade between the United States and Japan, the issue of liberalization of foreign capital investment in Japan continues to concern a number of American businessmen. The Japanese government has taken steps in recent months to speed up certain administrative procedures connected with the review of joint venture applications and licensing agreements, but meaningful progress toward genuine liberalization of capital inflows has been slow.

Korea

Trade increases, U.S. market share falls as country's economy gains momentum

By NORMAN D. GLICK
Far Eastern Division, BIC

The Korean economy has developed a forward momentum which is expected to continue through 1967. For that reason, U.S. exports to Korea in 1967 are expected to show an increase over last year. However, the United States may not be able to maintain its share of this growing market.

Continuous expansion of exports and increased industrial activity with the resultant demand for capital equipment and raw materials will require increased imports. In addition, growing foreign exchange earnings, further relaxation of import restrictions, and continuing financial aid from the U.S. and other countries will contribute to Korea's increased imports.

Korea Imports, January-September 1966

Total imports	$460 million
From U.S.	$158 million
U.S. share	34%

Korea Exports, January-September 1966

Total exports	$180 million
To U.S.	$ 71 million
U.S. share	39%

Korea's major imports from the U.S.:

Wheat and flour, raw cotton, phosphatic fertilizers, ferrous scrap, wood pulp, scrap, animal oils and fats, chemicals, machinery and equipment.

Korea's major exports to the U.S.:

Plywood, clothing, raw silk, rubber footwear, human hair, cotton and wool fabrics, fish, tungsten, radio receivers.

While Japan is our chief competitor in Korea, benefiting from certain natural advantages such as proximity to and familiarity with that market, other countries are beginning to make themselves felt in the Korean import market.

A Bank of Korea preliminary estimate indicates that the country's gross national product for 1966 increased by 10.3% in real terms over 1965. This compares with an average annual growth rate of 9% for the previous three years. The increase for 1967 is expected to be 7.4% in real terms.

Commodity trade up

Korea's commodity exports continued to set new records during January-September 1966, and all indications are that this year's export goal of $250 million will be met, with the U.S. continuing as Korea's leading customer. The Korean Government has set the 1967 export target at $350 million.

Korea's exports of $180 million during the first nine months of 1966 represents an increase of 50% over the same period in 1965 and slightly more than the $175 million exported during all of 1965. Manufactured goods and machinery amounted to $112 million (62%) of total exports. Major export items included mineral products, plywood, raw silk, cotton and woolen textiles, garments, footwear, and miscellaneous manufactured goods, including human hair products. The U.S. took 39% of total exports, compared with 26% to Japan and 6% to South Viet-Nam.

Korea's imports during the first three quarters of 1966 amounted to $460 million (c.i.f. value), an increase of 45% over the same period in 1965 and slightly higher than the $450 million total for all of 1965. The Korean Government estimates that 1966 imports will reach $648 million, and $725 million by 1967.

Imports from the U.S. accounted for 34% of total imports during January-September 1966, a decline from the 40% share for the corresponding 1965 period. But the U.S. share of Korean Government foreign exchange (KFX) financed imports, which now accounts for over half of Korea's total imports, increased slightly to 13% from the 11% share in 1965 largely due to increased KFX imports of replacement cotton and iron and steel scrap.

Japan became Korea's leading supplier accounting for 42% of Korea's total imports during the first three quarters of 1966.

Liberalizing trade

The Korean Government continues its policy of liberalizing trade and its accession to the General Agreement on Tariffs and Trade (GATT) is expected in the near future.

AID's second Program Loan to Korea, which includes $3.7 million for the purchase of spare parts and replacement machinery from the U.S., will be released in 1967. In 1967, AID loans of $5 million to the Medium Industry Bank for subloans of up to $100,000 and $12 million to the Korea Reconstruction Bank for subloans from $100,000 to $1 million, will finance imports from the U.S. of machinery, equipment, and related services.

Korea's Second Five Year Economic Development Plan, which begins this year, offers opportunities for investment and trade in agricultural machinery and equipment; food processing and packaging; construction equipment; chemicals and petrochemicals, including soaps and detergents; production equipment for small and medium-sized firms, including maintenance and quality control equipment; metal-working equipment; materials handling equipment; production equipment for clay, ceramics and stone products, electrical machinery; including electrical appliances and components; and maintenance and service equipment for the transportation industry.

New investment law

A new foreign capital inducement law, promulgated in August, provides increased incentives for foreign investment, including guaranteed remittance of dividends and profits; repatriation of capital at a rate of 20% per year two years after commencement of commercial operations; and a five-year tax holiday on corporate, personal income, and property taxes, with the tax for the following three years set at 50% of the normal tax.

During the first eight months of 1966, 11 equity investment projects involving foreign participation (totaling $8.6 million) were approved, of which seven included U.S. firms.

President Johnson visited Korea in November and the joint communique issued by Presidents Johnson and Park included a statement calling for an exchange of investment and trade missions. U.S. industry has responded to this request, and a private investment and trade mission headed by former Under Secretary of State George W. Ball is scheduled to visit Korea during the week of March 20.

Malaysia

End to Indonesian confrontation helps make business climate more attractive

By LOUISE H. HILLSON
Far Eastern Division, BIC

United States exports to Malaysia are expected to show a moderate but steady rise in 1967, and the U.S. share of the Malaysian market should continue to increase.

Malaysia continues to make good economic progress despite uncertainties in the world market prices for rubber and tin, which are its two major exports. Business confidence remains high, although the business community shows concern over lack of progress in achieving economic cooperation with Singapore and specifically over the announcement that Malaysia and Singapore would issue separate currencies beginning in June 1967.

The formal ending of the Indonesian "confrontation" should make the Malaysian business climate more attractive.

Malaysia Imports, January-June 1966*

Total imports	$415 million
From U.S.	$ 25 million
U.S. share	6%

Malaysia Exports, January-June 1966*

Total exports	$500 million
To U.S.	$ 76 million
U.S. share	15%

* West Malaysia only

Malaysia's major imports from U.S.:
Machinery, tractors and parts, tobacco and cigarettes, chemicals, paper and paperboard.

Malaysia's major exports to U.S.:
Tin, crude rubber.

The Malaysian gross national product in 1965 was $2.9 billion, after having increased by an average of 5.6% annually between 1960 and 1965. The First Malaysia Plan calls for an average annual growth rate of 4.8% for 1966-70. Prices have remained steady.

The 3% annual population growth rate has caused per capita income, which was $303 in 1965, to rise at a slower rate.

Malaysia has now completed the first year of economic development under the $1.5 billion First Malaysia Plan. A World Bank-sponsored Consultative Group on Aid to Malaysia, which included U.S. participation, met in May 1966 and participants pledged loans and/or technical assistance to help implement the Plan. The United States offered Export-Import Bank financing.

Trade statistics for 1966 are available only for West Malaysia, which excludes the Borneo areas of Sabah and Sarawak. In 1965, 80.6% of Malaysia's exports and 77% of its imports were accounted for by West Malaysia. Almost all of Malaysia's exports to the U.S. and 70.7% of its imports from the U.S. were to and from West Malaysia.

Figures adjusted

West Malaysian figures include trade with Singapore, and figures in the accompanying table have been adjusted to take into account West Malaysian exports to the U.S. through Singapore.

During the first six months of 1966, West Malaysian exports rose to $500 million, an increase of 3.0% over the figure for the comparable period of 1965. Imports declined by 2.7%, to $415 million.

The United States was the major buyer of West Malaysian goods after Singapore. During the first half of 1966 West Malaysian exports to the U.S., mainly of tin and rubber, were $73.2 million, or 14.6% of its total exports.

Imports from the U.S. rose slightly, from $23.5 million to $24.5 million, and the U.S. share of the West Malaysian market increased from 5.5% to 5.9%. The United States ranks behind the United Kingdom, Japan, Singapore, Thailand, and Mainland China as a supplier, and is closely followed by Australia and West Germany.

Equipment imported from U.S.

U.S. data show that United States exports to Malaysia (including Sabah and Sarawak) for January-September 1966 were $33.8 million. Exports of machinery and transport equipment made up 42% of the total. These consisted mainly of tractors and parts, agricultural machinery, mechanical handling equipment, heating and cooling equipment, power generating machinery, and pumps and centrifuges and parts.

Other important U.S. exports were tobacco and cigarettes, chemicals, and a variety of manufactured goods.

The Malaysian market offers opportunities for additional U.S. exports. Although expanded import-substitute industries, many of which are receiving tariff protection, are providing an increased volume of consumer needs, rising incomes and a growing middle class are creating a market for more sophisticated consumer goods.

In general, Malaysian tariffs are moderate and there are few quantitative restrictions. Commonwealth preferential tariffs have been abolished on many items, and the market may now be more open for U.S. and other suppliers.

Opportunities for the sales of capital goods, in which U.S. suppliers are most competitive, continue to increase as the Government implements planned projects and private sector industrial and construction activities increase.

The Malaysian Government is opening more projects to international bidding, and tenders are regularly made available to the governments of Consultative Group members. Projects in the 1967 Malaysian development budget of particular interest to U.S. firms are those requiring equipment for road construction, rural development, telecommunications, and navigational instruments and aids to civil aviation.

The Malaysian market is becoming increasingly competitive, as orientation toward traditional suppliers is diluted. However, fastest progress is made by suppliers who give maximum attention to tested market principles such as careful selection of and full support to distributors, extension of credit, technical assistance and follow-up services.

Sales-clinching credit terms offered to Malaysian customers by foreign suppliers can be matched by U.S. exporters if they take advantage of Export-Import Bank facilities, which have not yet been extensively used in supporting U.S. exports to Malaysia.

Malaysia continues to encourage foreign investment and is sending Trade Commissioners to six countries, including the U.S. where they will work to encourage foreign private investment in Malaysia and promote two-way trade.

New Zealand

Import restrictions hinder U.S. sales, but good markets are still available

By JOHN N. RANDOLPH, Jr.
Far Eastern Division, BIC

New Zealand Imports, January-September 1966

Total imports	$758 million
From U.S.	$ 83 million
U.S. share	11%

New Zealand Exports, January-September 1966

Total exports	$856 million
To U.S.	$140 million
U.S. share	16%

New Zealand's major imports from the U.S.:
Agricultural machinery, chemicals, textiles, tobacco, motor vehicles, fertilizers.

New Zealand's major exports to the U.S.:
Meat, wool, hides and skins, fish, dairy products.

Recent balance of payments deficits indicate that New Zealand has been living beyond its means, and the resulting government restrictions on imports are cutting into U.S. export sales. However, the economic growth rate has only slackened slightly, markets should continue to grow, and prospects are good for expanded U.S. exports in at least the latter portion of 1967.

The gross national product for New Zealand's 1966 fiscal year which ended last March 31 was $5.2 billion, a 7.7% growth in current prices over the revised GNP for fiscal 1965. By contrast, GNP growth rates in fiscal 1965 and 1964 were 9.1% and 9.4% respectively.

Salary and wage income in fiscal 1966 rose faster than GNP, with payments 10.7% higher at $2.7 billion.

New Zealand usually has a favorable trade balance, but non-merchandise expenditures for transporting its exports, servicing its overseas debt, and travel by its residents abroad have led to increasing deficits on current account in recent years. For the year ending March 31, 1966, New Zealand's deficit on current account transactions was $259 million, compared to deficits of only $70.2 million in 1965 and $47.3 million in 1964.

Import licenses have been tightened as part of the New Zealand Government's effort to correct the deficit in its balance of payments. Two-thirds of the total value of imports are still subject to licensing quotas, which have been reduced for the licensing year which ends June 30.

Credit restraints, which have been imposed by the Government to lessen demand in the economy, have taken effect and will be continued well into 1967.

A decline in building permit authorizations, the less confident tone of some company reports, and the expectation of even further monetary measures caused a leading New Zealand bank to predict less favorable business conditions in 1967.

New Zealand's trade volume is high relative to its small population. Although the country is committed to diversifying its manufacturing industries, it still depends on primary products for over 90% of its export income. The principal exports, meat, wool, and dairy products, are susceptible to severe price fluctuations on world markets, so New Zealand must keep a watchful eye on its balance of payments accounts. During the first nine months of 1966, there was a marked improvement in New Zealand's trade accounts due to higher export receipts for cheese, casein, wool, and meat by-products. The current account deficit was trimmed to $33.9 million.

A continuation of this trend could result in a liberalization of the next import licensing schedule.

U.S. Census Bureau statistics list U.S. exports to New Zealand for the first nine months of 1966 at $80.9 million, an 18% drop from the same period in 1965. For the first six months of 1966, however, U.S. exports were running 11% ahead of 1965.

Negative impact

The negative impact of the new licensing schedule, which became effective in July, was initially felt in the third quarter of 1966. During this quarter, shipments were only $27.5 million, considerably less than the $50.1 million exported during the same quarter a year ago.

A 10% increase in freight rates on inbound cargo has compounded U.S. exporters' difficulty in expanding trade with New Zealand, by increasing the proximity advantage enjoyed by Japan and other closer and competing suppliers.

U.S. imports from New Zealand increased substantially during the first nine months of 1966, due in large degree to increased shipments of meat in response to higher prices in the U.S. This is in direct contrast to 1965, when New Zealand was concentrating on more lucrative European markets. The U.S. trade deficit with New Zealand was only $7 million in 1965, but rose to $68 million for the first three quarters of 1966, when U.S. purchases expanded by almost 50%.

Even though import licensing and preferential tariffs hurt U.S. sales, exporters should look into this lucrative market.

Actually, the U.S. market share appears low in relation to the opportunities provided by New Zealand consumer and capital goods markets. Rapid industrialization will continue to create a high level of demand for specialized machinery and raw materials. Increased farm production is a stated government goal which will call for substantial purchases of agricultural implements, fertilizer, and sulphur, items in which the U.S. is a major supplier.

The tailoring of New Zealand's meat and dairy products to the requirements of new export markets in the Far East as well as the shift of outlets from specialty shops to supermarkets and chain stores requires new types of packaging and handling equipment.

The U.S. is a major supplier of New Zealand's requirements for machinery, tobacco, chemicals, and fertilizers. Our share of the market for agricultural machinery, most of which is exempt from licensing controls, is 37%. The U.S. share is 34% for organic chemicals, and over 60% for unmanufactured tobacco.

The British Preferential Tariff margins, which set a lower rate of duty on many goods imported from Commonwealth countries, are another obstacle to U.S. trade expansion. However, there is some flexibility in the New Zealand Customs Act, which allows preference rates on certain goods if close substitutes are not made by a Commonwealth country.

Philippines

Export document problem resolved, but investment uncertainties continue

By MAURICE KOGON
Far Eastern Division, BIC

U.S. exports to the Philippines during the early months of 1966 were lagging behind expectations, and final data for the year may show that total exports did not exceed the 1965 level of $336 million. Despite new import restrictions on textiles, with the resolution of documentation requirements affecting all imports the outlook for 1967 is more promising.

The textile import restrictions, imposed in early 1966, have already cut sharply into U.S. textile exports to the Philippines. Specifically, the import ban on used clothing has all but eliminated the traditional $5 to $10 million annual U.S. export of that item.

In addition, U.S. exports of textile remnants, averaging $10-20 million annually in recent years, were reduced to a trickle by late 1966 as the result of prohibitive fixed valuations assigned to all imported remnants from the U.S. for duty assessment purposes.

These restrictions caused most of the $8.4 million decline in total U.S. exports to the Philippines for the first nine months of 1966, compared with the 1965 level.

The substantial U.S. trade losses came at the same time that total U.S. imports from the Philippines were rising by $50 million, giving the Philippines a favorable trade balance of $75 mllion through September.

The $8.4 million overall U.S. export decline does not reflect the considareble trade disruption which occurred after September when new documentation requirements were imposed as conditions for obtaining consular invoices.

These requirements were modified or suspended in November because of the confusion and legal problems they created for foreign exporters, but only after massive congestion developed at foreign and Philippine ports.

As this issue of INTERNATIONAL COMMERCE went to press, an agreement resolving the Shippers' Export Declaration problem was signed by representatives of the United States and Philippine governments. Details will appear in next week's issue.

With the resolution of this conflict in a way consistent with U.S. laws and regulations, U.S. exports to the Philippines might well expand above the 1965 and 1966 levels, perhaps reaching $340 to $350 million in 1967.

Philippine Imports, January-September 1966

Total imports	$682 million
From U.S.	$238 million
U.S. share	35%

Philippine Exports, January-September 1966

Total exports	$628 million
To U.S.	$257 million
U.S. share	41%

Philippines' chief imports from the U.S.:
Machinery, transport equipment, cereals, electrical equipment, textiles, metals and manufactures, raw cotton.

Philippines' chief exports to the U.S.:
Sugar, coconut products, cotton manufactures, plywood and veneers, abaca.

The Philippine economy is recovering well from the 1964-65 recession, following corrective monetary and fiscal measures taken by the new administration.

GNP, which reached $5.2 billion in 1965, increased by 5.4% and 4.1% in real terms in 1965 and 1964, respectively. The real increase is certain to be greater in 1966. First half 1966 economic indicators, compared with January-June 1965, show increases of 7.1% in agricultural production, 6.1% in mining output, and 7.2% in overall industrial production.

Exports outpace imports

In the first eight months of 1966, total Philippine trade increased by 6.5%, with exports up by 14.3% to $565 million. Imports (f.o.b.) declined by 1% to $533 million (figures in box above are c.i.f.), but should have picked up in the final quarter.

Continued economic gains are expected in 1967. In addition, the Government will initiate its new Four Year Plan and will undertake large new public works projects. These developments should spur import demands and lead to a sharp increase in overall imports. U.S. exporters could well benefit from such an import expansion if the regulatory climate permits.

Philippine data on imports from the U.S. through August of 1966 (which do not reflect the subsequent trade disruption) show an increase of 5% to $187.4 million (f.o.b. basis), giving the U.S. a 35% share of the total import market as of that time.

Despite intensified competition from Japan, U.S. suppliers should be able to hold their own and improve their position if the market expands as predicted. The long-established trade ties and distribution channels enjoyed by American suppliers, and the strong residual preference among Filipinos for American products, are potent competitive factors.

The Philippine Government took steps in 1966 to attract large-scale foreign investment. In September, after the Philippine Congress again failed to pass an investment incentive bill, President Marcos issued an order liberally defining his administration's policy on foregn investment. This was followed by the President's state visits to the U.S. and Japan, which generated immense good will and U.S. and Japanese investment interest in the Philippines.

Interest dissipated

However, much of the U.S. interest may have been dissipated by the Government's subsequent requirement for Shipper's Export Declarations and the substantial trade disruption and losses which resulted.

While the full impact of these developments on the investment climate cannot yet be measured, it was apparent that fears by U.S. companies that such conflicts might develop in other forms of business activity compounded existing uncertainties regarding the Philippine Retail Trade Nationalization Law and the status of American investment after the Revised U.S.-Philippine (Laurel-Langley) Trade Agreement expires in 1974. These uncertainties were intensified in the closing weeks of 1966 and the early days of this year as a result of a new court decision and related administrative actions.

Singapore

New incentives offered to investors as economy makes substantial progress

By LOUISE H. HILLSON
Far Eastern Division, BIC

Singapore, which celebrated its first anniversary as an independent nation in August, offers many opportunities to U.S. traders and investors; and imports from the U.S. should continue to increase.

The nation continues to make substantial economic progress, and the partial resumption of trade with Indonesia last September should provide a further stimulus to its economy. Singapore's gross domestic product rose by almost 9% to $988.2 million in 1965. Per capita income, the highest in Southeast Asia, rose by 5% to $536. The Consumer Price Index at the end of 1965 was 106.8 (1960 = 100).

Singapore Imports, January-September 1966*

Total imports	$986 million
From U.S.	$ 52 million
U.S. share	5%

Singapore Exports, January-September 1966*

Total exports	$815 million
To U.S.	$ 40 million
U.S. share	5%

* Excludes trade with West Malaysia

Singapore's major imports from U.S.:
Machinery, tractors and parts, tobacco and cigarettes, petroleum products, chemicals.

Singapore's major exports to U.S.:
Clothing, textiles, crude rubber, wood veneers.

The Government continues to support ambitious economic and social development plans. Business confidence is generally high, although the business community shows concern over lack of progress in achieving better economic cooperation with Malaysia.

Singapore's exports and imports rose in 1965, although they were still below 1963 levels, the last normal trading year before Indonesia's Confrontation campaign. Exports increased by 8.4% over 1964 levels to $981.7 million; imports by 9.5% to $124.4 million.

Total trade continued to rise in 1966. During the first nine months exports were $815.2 million and imports $986.3 million; changes of 13.3% and 6.3%, respectively over the comparable period in 1965. An estimated two-thirds of Singapore's commerce is entrepot trade.

Exports to the United States in 1965 were $40.8 million, and imports were $63.2 million. The U.S. share of Singapore exports was 4.2% while its share of Singapore's import market declined somewhat to 5.1%.

During January-September 1966, Singapore's exports to the U.S. increased to $39.5 million from $30.1 million for the comparable period of 1965; imports from the U.S. rose to $52.1 million. The U.S. share of the Singapore market rose to 5.3%.

About two-thirds of Singapore's imports from industrialized countries are later re-exported. The U.S. ranked behind West Malaysia, South Viet-Nam, and the United Kingdom as a market for Singapore's exports, and was out-ranked as a supplier by West Malaysia, Japan, the United Kingdom, and Mainland China.

According to U.S. data (which generally exclude Malaysian and other non-Singapore goods shipped via Singapore), United States imports from Singapore in the first nine months of 1966 were $12.2 million, and mainly comprised cotton clothing, fabric and piece-goods; crude rubber; and wood veneers and plywood.

Exports from the U.S. to Singapore were $36.1 million, and were chiefly (39%) machinery and transport equipment, heating and cooling equipment, power generating machinery, and construction and mining machinery.

Other important U.S. sales were unmanufactured tobacco and cigarettes, petroleum products, chemicals and a variety of manufactured goods.

Growing middle class

Rising incomes and the growth of a larger middle class are creating a market for more sophisticated consumer goods which can be met by U.S. exporters.

However, the imposition of import tariffs and quotas on a variety of imports to protect local industries may limit some U.S. sales, but the impact of these protective measures on imports from the U.S. as a whole is believed to be slight.

There are many opportunities for the sales of capital goods, in which U.S. suppliers are competitive. Extensive public and private construction programs are generating needs for construction and excavation machinery and building materials.

Also, the establishment of new export-oriented industries to produce goods competitive in world markets should create demands for imports of high-quality machinery and factory equipment which U.S. suppliers can provide.

American exporters continue to face strong competition from established British sources as well as Japanese, West European, and Australian exporters.

The Singapore Government has been actively encouraging local and foreign investment, and the incentives program has just been expanded, mainly to encourage production for export.

Effective January 1, profits on the export of manufactured goods and products of deep-sea fisheries are to be taxed at 4% rather than the normal 40% company tax rate, if the company's profits derived from export are at least 20% of total profits and annual exports are at least $33,300.

Taxes on interest earned by non-residents in an external Singapore bank account will be reduced from 40% to 10%; and interest received by overseas persons or enterprises from Singapore sources will be exempt from taxation if such interest has been advanced to approved enterprises in Singapore for purchase of capital equipment from abroad.

Incentives are also being offered to existing firms which expand their productive capacity; and special incentives will encourage the expansion of petro-chemicals, pharmaceuticals, and specialized branches of engineering industries.

Additional information on the new incentives is available from the Far Eastern Division, Department of Commerce, Washington, D.C. 20230; or from the Singapore Economic Development Board's Investment Promotion Center at 219 East 49 St., New York, N.Y. 10017.

Taiwan

Surging economy approaching boom levels in some areas; import pace quickens

By TADD A. LINSENMAYER
Far Eastern Division, BIC

Taiwan's total imports in 1967 should grow at a somewhat faster rate than in 1966. Imports from the United States should also increase significantly but, as has been the case for the past three years, the actual U.S. share of the market will probably drop.

Taiwan continues to enjoy a rapid rate of economic growth which in some sectors is now approaching a genuine boom. Real gross national product jumped by 10% in 1965, and is believed to have increased by another 7-10% in 1966. Industrial production rose by 15% in 1965 and by another 13% during the first eight months of 1966.

Particularly impressive gains were made in building construction, wood processing, machinery manufacturing, and in the production of plastics, canned pineapple, gasoline and fuel oil, window glass, cement, and steel bars and rods.

The sudden increase in construction activity in the last two years is now regarded as a real building boom. The level of completed construction in 1965 jumped to nearly three times that of 1964, while construction through August 1966 was 122% above the level for the same period of 1965. Brick construction through August 1966 reached 1,185,800 square meters, while reinforced concrete construction rose to 598,650 square meters.

The increased tempo of construction is apparent everywhere in Taiwan, from the new modern housing complexes in Taipei to the spacious and orderly factory buildings in Kaohsiung. All of this means new opportunities for the sale of U.S. construction machinery and materials ranging from cranes and scrap iron to plumbing fixtures and air conditioning equipment.

The Kaohsiung Export Processing Zone (KEPZ) in southern Taiwan will begin to make its unique contribution to Taiwan's trade in 1967. Plants established in this zone will enjoy duty-free importation of raw materials for processing into export products.

Over 50 firms had received approval to locate in the KEPZ by mid-October 1966, including four American firms. At least two factories are already in operation. Thirteen of these firms are in the electronics products field, nine in handicrafts, and six will produce plastic products.

Annual sales of these 50 firms are expected to reach $52 million by June 1968, with an accompanying, though smaller increase in imports. Plans are already being made for a second export processing zone at the east coast seaport of Hualien.

Taiwan's total imports for the first half of 1966 rose by 9% over the January-June 1965 level to $282 million. Total imports for all of 1966 at this rate should reach $590-600 million. This rate of increase would be well below the 30% gain made in 1965, with the slowdown resulting primarily from a 50% drop in U.S. aid shipments.

The U.S. economic aid program was terminated on June 30, 1965, although shipments programmed prior to that date will continue to be imported for the next year or so.

Taiwan's total imports from the U.S. for the first half of 1966 fell to $81 million, 7.5% below the January-June 1965 level. This was a result of a $17 million drop in U.S. aid shipments, which was only partially offset by a $10.5 million increase in non-aid sales. As a result of this decline in imports, the U.S. share of the market continued to fall from its 1963 peak of 45% and reached 29% during the first half of 1966.

The U.S. share of the non-aid market climbed very slightly from 24% in January-June 1965 to 24.3% for the same period in 1966. This contributed to a slight decline in Japan's share of the non-aid market which is still, however, a very impressive 41.9%. Japan's share of the total market continued its rise to over 39%.

The phase-out of U.S. economic aid has had a disturbing effect on the U.S. trade position in Taiwan. Imports of a wide variety of machinery and raw materials, once limited to the U.S. under the aid program, are now subject to open competition, and American suppliers are losing out.

Commodities for which demand continued to rise after the aid phase-out began, but where the U.S. share of the market fell, include barley, peanut oil, lubricating oil, fungicides, carbon black, iron and steel plates, tinned plates, internal combustion engines, metal-working machinery, construction machinery, parts for high voltage equipment, and trucks.

For some of these commodities, such as lubricating oils and trucks, the United States may not be able to recover the market because of local production. For others, recovery of the formerly predominant U.S. position is possible if American suppliers look into the market.

U.S. exhibition

The Department of Commerce has scheduled a solo exhibition of U.S. industrial products for Taiwan in October to give American suppliers just such an opportunity to enter the market. U.S. exhibitors will demonstrate products in fields such as food processing equipment, packaging equipment, metal-working machinery, equipment for the petrochemical industry, plastics processing machinery, and others.

Other U.S. suppliers will have the opportunity to investigate the market through a series of "catalog fairs" which the U.S. Embassy plans to stage.

Taiwan Imports, January-July 1966

Total imports	$330 million
From U.S.	$ 91 million
U.S. share	28%

Taiwan Exports, January-July 1966

Total exports	$295 million
To U.S.	$ 68 million
U.S. share	23%

Taiwan's major imports from the U.S.:
Raw cotton, wheat, soybeans, steam and other engines, iron and steel scrap, synthetic resins, tobacco.

Taiwan's major exports to the U.S.:
Clothing, canned pineapple and other fruits, canned mushrooms, sugar, plywood, plastic manufactures.

Thailand

U.S. share of import market doubled in 1966; boom expected to continue

By RICHARD P. RICE
Far Eastern Division, BIC

Thailand Imports, January-June 1966

Total imports	$515 million
From U.S.	$176 million
U.S. share	34%

Thailand Exports, January-June 1966

Total exports	$379 million
To U.S.	$ 16 million
U.S. share	4%

Thailand's major imports from the U.S.:
Machinery, transport equipment, tobacco, cotton, petroleum products, chemicals, pharmaceuticals.

Thailand's major exports to the U.S.:
Tin, tapioca and cassava, rubber, kapok.

The level of Thailand's imports during 1966 rose well out of proportion to the country's normal trade growth pattern, largely reflecting heavy purchases from the United States. There are indications that the United States may have doubled its 1965 share of the Thai import market during 1966.

The outlook for 1967 is for a further significant expansion in U.S. sales to Thailand, but at a reduced rate.

The rate of growth of Thailand's imports has generally paralleled the growth in the country's gross national product, which averaged 7% per year in real terms during 1960-65. Moreover, Thailand's Second Five Year Development Plan covering 1967-71 anticipates a yearly growth rate of 7 to 8.5% and calls for development expenditures of $2.65 billion. However, the sharp climb in U.S. exports above the normal growth rate is largely due to accelerated U.S. assistance programs.

While U.S. expenditures have had the direct effect of increasing purchases of U.S. commodities, primarily capital goods, they have also tended to spill over into the economy, increasing employment and income and threby stimulating a demand for a wide variety of imports.

Thailand's gross national product totaled $3.9 billion in 1965. With accelerated business activity, the rapid expansion of the construction industry, and a good year in agriculture, GNP may rise by 10% during 1966, considerably exceeding the goal of the country's new Five Year Plan.

High goals

The new plan, the details of which are not yet available, was announced on October 1. The goals are ambitious and call for extensive highway and port development, expansion of educational facilities, modernization of agriculture (including increased irrigation facilites and more intensive use of agricultural chemicals), a drainage and sewerage system for the Bangkok area, an augmented telephone system, and a nation-wide telecommunications and television network.

The present boom conditions have buoyed the confidence of the business community. The building materials industry continues to pace the economy in an attempt to fill the heavy demand for construction materials.

Moreover, there is a growing demand for locally-produced vehicles and other consumer products which has encouraged a number of manufacturers to expand production facilities. These favorable factors, coupled with a strong international reserve position ($819 million on September 30), continued to attract more and more private foreign investment.

The U.S. share of the Thai import market rose to 34% by the end of June 1966, in contrast to 17% for the first half of 1965 and 19% for calendar 1965. Total imports for the first six months of 1966 were valued at $515 million, a more than 50% climb over the comparable period of 1965.

Imports from the U.S. for the first six months of 1966 were valued at $176 million and more than trebled the figure for the comparable period of 1965. Recent U.S. Census data show that U.S. exports are maintaining the share of the market established earlier in the year. However, since U.S. data exclude a large quantity of special category shipments, U.S. Census Bureau statistics indicate a considerably lower total for U.S. sales than do Thai figures.

Machinery and transport equipment continue to hold a prominent place in the commodity composition of U.S. exports to Thailand. Thai imports of construction and roadbuilding equipment, building materials as well as power generating and distributing equipment, communications apparatus, and irrigation and sewerage equipment may increase more rapidly than the general trend of imports in response to U.S. assistance.

The market for consumer goods is also steadily improving.

During early 1966, the Thai Government removed or eased import restrictions on a total of 45 products, including some items of interest to U.S. exporters. The remaining items on which restrictions have not yet been liberalized constitute a very small proportion of total trade.

The U.S. Trade Center in Bangkok continues to help American businessmen develop sales in the Thai market.

Six or seven major exhibitions of U.S. products are scheduled each fiscal year. A show planned for January will display agricultural machinery and equipment while a March show will emphasize equipment and supplies for commercial and residential buildings.

Major shows are supplemented by the Sample Products Display Service, which assists U.S. firms in obtaining agents, distributors, licensees, or joint venture partners through the continuous display of sample U.S. merchandise and descriptive literature.

In addition, the Trade Center facilities are used for "between-show promotions" sponsored by individual U.S. firms or trade associations.

The investment climate in Thailand is becoming increasingly attractive and American investors are showing an active interest in exploring investment opportunities. The Export-Import Bank granted a $14 million loan to the Siam Kraft Paper Company to establish a paper plant in a joint venture involving Parsons and Whittemore. Total investment will be $36 million and the plant will be the largest industrial project in the country.

International Telephone and Telegraph is planning to manufacture communications equipment with an investment of $1 million.

Near East-South Asia

Optimistic future U.S. sales prospects based on new development in area

By JACKSON B. HEARN
Near East-South Asia Division, BIC

The United States continued as the principal or second-largest supplier of most countries in the Near East-South Asia area in 1966 and should maintain its dominant supplier position in the coming year, although possibly by a smaller margin in some countries.

U.S. exports of $1,809 million during Jan.-Sept. 1966 were slightly higher than in the same period of 1965, despite a lower rate of shipments to both India and Pakistan, our two largest customers in the area. While the decline in exports to India was marginal, the drop in Pakistan amounted to nearly 40%, primarily as a result of sharply reduced aid shipments in the first six month of the year.

Exports to all other significant trading partners in the area were up with the exception of Israel, where a general economic decline produced a 2.7% drop in U.S. sales. Gains ranging from 13 to 33% in exports to Iran, Lebanon, Saudi Arabia, Kuwait, and Iraq are noteworthy since these are countries in which U.S. economic assistance is a minor or nonexistent factor in financing imports.

Continued strength in commercial sales in the fourth quarter, plus an acceleration in fourth-quarter PL 480 foodgrains shipments to India and AID commodity assistance to Pakistan, should push the annual total of U.S. exports to the area in 1966 well above the previous peak of $2,443 million reached in 1964.

Aid an import factor

The ever-increasing import requirements of the area's developing countries presage a continued market growth, with attendant opportunities for increased U.S. sales. PL 480 exports to the area are expected to fall substantially in 1967, particularly to India, as a result of competing demands for available surplus foodgrains. The prognosis for U.S. non-PL 480 exports in 1967 is good, however, with increases projected to all countries in the area except Turkey, where a slight retrenchment is expectd from an unusally high import level in 1966. Some of the PL 480 slack may be taken up by increased commercial wheat sales.

Because of chronic foreign exchange shortages, a number of countries in the area continue to depend on external assistance to support the import demands imposed by rapid economic development. U.S. project and commodity assistance, with its tied procurement provisions, will continue to afford an important means of access to several of these markets.

U.S. sales to India, Pakistan, Turkey, Afghanistan, and Jordan are largely conditioned by U.S. aid levels, since three-fourths or more of our exports to these countries are aid-financed goods. Aid to Israel, Ceylon, and certain other countries supplements existing opportunities for sales of U.S. goods. The level of U.S. aid (i.e., non-PL 480) for 1967 for the area as a whole is expected to hold at about the 1966 level.

U.S. sales prospects good

Optimistic future sales prospects in the area are based on significant import liberalizations effected in 1966 by India and Pakistan and favorable changes in trade policies made by Turkey, Israel, and Iraq.

Rising national and per capita incomes and development programs in agriculture, industry, and transport and communicationsh throughout the area mean an increasing demand for imports. The area's overseas purchasing power also is rising, with most countries stressing measures to accelerate the development of export industries and to capitalize on the hard currency earning potential of tourism. Concerted efforts in many countries to attract private foreign capital for industrial development are drawing increasing attention to investment as a means of market entry. All these developments offer opportunities for increased U.S. sales in competition with other suppliers.

Increasing revenues of the area's primary oil producers—Saudi Arabia, Kuwait, Iran, and Iraq—assure the U.S. exporter of sustained hard currency demand in these countries. Oil revenues in Saudi Arabia and Kuwait may exceed $700 million in 1966, with Iran approaching that figure and Iraq realizing nearly $400 million. Both production and revenues should continue to rise in 1967.

Saudi Arabian and Kuwaiti markets are particularly attractive because of the virtual absence of direct import and exchange controls. On the basis of nine months figures, annual 1966 U.S. exports to these countries should substantially exceed the previous record totals of $129 million (Saudi Arabia) and $66 million (Kuwait) in 1965, reflecting mainly increased sales of machinery and other goods related to development projects.

Increasing acitvity is planned in both countries in water desalting facilities, petrochemical complexes, and construction. Additionally, extensive activity in Saudi Arabia in road building, agriculture, water development, grain storage facilities, and other industrial projects offer good sales opportunities. Significant industrial expansion also is planned in Iraq and Iran.

Potentially lucrative markets also are emerging in the Trucial States which are virtually free of direct import controls. Oil discoveries are expected to bring revenues to $75 million to Abu Dhabi in 1966, with an expected growth to $150 million by 1970. Construction of an international airport and a highway expansion program are now under way there, and the development of a major deep water port is under consideration along with several other projects.

The neighboring Sheikdom of Dubai is developing a major port with a view to becoming an entrepot for trade in the Gulf area.

Capital goods and spares, industrial raw materials, and intermediate goods for planned development programs continue to offer the largest areawide sales potential. While needs vary widely from country to country according to resources and stage of development, there are a number of items with a broad-based demand in the area. These include power generating machinery, agricultural machinery and equipment, irrigation equipment, food processing machinery, fertilizers, and essential consumer goods such as cereals and pharmaceuticals. The promotion of tourism in many countries—Lebanon for example—also provides opportunities for related equipment and services.

The exchange deficit countries of the area will continue to allocate available foreign exchange primarily to development and essential consumer goods while enforcing restrictions on imports of nonessentials. Among the larger foreign exchange earners, however, the sales potential extends to many types of consumer goods. Consumer durables find a particularly good outlet in Saudi Arabia and Kuwait, and to a smaller extent in Iraq, Israel, Lebanon, and certain other countries.

India

Foreign trade expected to level off; best U.S. chances in industrial area

By CELIA HERMAN
Near East-South Asia Division, BIC

India's foreign trade is expected to level off in 1967. Trade with the United States will decrease.

A major element in predicting lower U.S. exports to India is an expected decline in grain shipments under the Food for Peace program, which have accounted for almost 40% of U.S. exports to that country. No new U.S. aid commitments have been made for India's fiscal year beginning April 1, 1967; however, it can be anticipated they will be no higher than for 1966. After the devaluation of the Indian rupee in June 1966, changes in trade regulations and removal of certain incentives led to a temporary slowdown in India's export trade and a consequent reduction in foreign exchange earnings.

India Imports, January-May 1966

Total imports	$1,228 million
From U.S.	$ 477 million
U.S. share	39%

India Exports, January-May 1966

Total exports	$693 million
To U.S.	$132 million
U.S. share	19%

India's chief imports from the U.S.:

Grain, fertilizers, power generating machinery, electric machinery, non-ferrous metals, and metalworking machinery.

India's chief exports to the U.S.:

Jute fabics, edible nuts, shellfish, tea, sugar, manganese ore, cotton fabrics.

Two successive poor harvests deteriorated the country's economy, which is predominantly agricultural. Estimated GNP for India's fiscal year ended March 31, 1966, at $39.7 billion (1962-63 prices) represents a 3% decline from the preceding year. Per capita GNP is placed at $81 on the basis of a population of 490 million. Although the industrial area is expected to show continued growth in 1967, its influence on GNP will probably be offset by weak agricultural performance.

The Fourth Five-Year Plan (1966-71) calls for an annual growth rate of 5.5% in national income and 5.6% in agriculture, based on a total outlay of $31.6 billion. The size of the Plan, however, is still under review. Opponents argue that the anticipated outlay would be inflationary. Rising prices have been a cause for concern, but late in 1966 prices appeared to be stabilizing. Food prices were the largest element in the increase.

The food situation is expected to remain difficult in 1967. Foodgrain production, estimated at between 80-85 million tons, is higher than last year but is below earlier hopes of a 90 million ton target. To improve the supply picture and prevent scarcity conditions from worsening, India has made arrangements for imports of foodgrains from Canada, Australia, and other countries, including the United States, on both concessional and commercial terms. India also has accelerated imports of fertilizers and is continuing efforts to raise agricultural output.

Imports of foodgrains and raw materials, spare parts and components for industry will keep import levels in 1967 almost as high as in 1966. The United States continued in 1966 as leading supplier to the Indian market. Foodgrains dominated the list of commodities sold, followed by fertilizers, nuclear reactors and parts, machine tools, various kinds of machinery and parts, copper, and soybean oil.

A greater proportion of U.S. exports in the industrial category was in the form of parts or components than in previous years. This was a direct result of India's import liberalization measures announced June 21, 1966, permitting 59 priority industries to import such requirements for production up to full capacity for six months.

The flexibility provided by $250 million in U.S. commodity aid loans to India in 1966 gave U.S. exporters the opportunity to fill orders from Indian industrialists.

Aid-slanted imports

The pattern of import licensing during the current year will be influenced by the size and composition of aid loans by the World Bank Aid-to-India Consortium when it meets early in 1967 to determine aid levels for the year.

Another factor governing import policy will be the extent to which India can maintain or increase foreign exchange earnings through exports. Measures have been implemented to restore some of the incentives to exporters which were eliminated when devaluation of the Indian rupee took place. The most important of these innovations was a cash payment ranging from 10 to 20% of the f.o.b. value of exported commodities. Certain exporters were also assigned priority allocations for raw materials, spare parts, and components. In a series of moves to spur maximum use of industrial productive capability, 42 industries have been freed of some of the cumbersome licensing procedures required for new or expanded production. Also, certain companies are now exempted from capital control regulations.

Emphasis in India's economic development will continue to be placed on raising food output and moving ahead with food-related industries. Therefore, such products as irrigation equipment, electric motors for pumps, earthmoving equipment, sprayers and other items for plant protection, farm equipment, and soil testing devices are examples of the many commodities, outside of foodgrains and fertilizer, which offer the best opportunities for selling to India.

Development of fertilizer manufacturing capacity in India has attracted proposals from a number of U.S. and other investors for joint ventures with private Indian companies. Among those for which preliminary agreement has been reached are Allied Chemicals Corp., American International Oil Co., Armour & Co., Imperial Chemicals Industries, and International Development Investment Co. During the first half of 1966, 17 U.S. companies obtained Government of India approval of their investment and licensing proposals for joint ventures in India. Most of the latter are new investors in India.

By 1966, the book value of U.S. private investment in India reached $253 million. If the above-mentioned agreements are consummated, this figure will be enhanced considerably. The proposals are directed to boosting production in vital sectors in India's economy in keeping with the Indian Government's investment policy ground rules.

Iran

Vigorous development program creates wide variety of import requirements

By ROGER D. SEVERANCE
Near East-South Asia Division, BIC

U.S. sales to Iran are expected to continue their upward climb in 1967 and will probably top $200 million for the first time.

Rising oil revenues, which should approach $700 million in 1967, provide the basis for Iran's expanding development program. As actual construction begins on the many projects conceived during the past two years, the country's import requirements will expand. On the other hand, government restrictions on credit and imports in the non-developmental sector should prevent a rapid rise in imports.

There are no signs that the general increase in economic activity of the past two years is slowing down. Accurate GNP growth figures are not available, but indications are that the economy is growing at a rate in excess of 6%.

Prices remained stable during 1966 as the government maintained price controls on essential consumer items and imported substantial amounts of key food items, notably wheat and sugar. The general wholesale and cost of living indexes actually declined for the year ending September 22.

U.S. trade up

U.S. exports to Iran for the first nine months of 1966 totaled $133.4 million, compared to $118.2 million for the same period during 1965. The composition of U.S. exports changed somewhat, as shipments of wheat under PL-480 agreements declined, while exports of machinery and transportation equipment, particularly power generating equipment, specialized machinery, motor vehicles, and agricultural machinery, rose during 1966.

U.S. imports from Iran also increased —from $62.6 million during the first nine months of 1965 to $83.6 for the comparable period in 1966—reflecting increased U.S. purchases of Iranian crude oil.

Credit and import restrictions instituted in August are aimed at forestalling an increased balance of payments deficit. At that time the Ceneral Bank raised the rediscount rate from 4 to 5%, but retained the authority to rediscount paper covering certain imports and exports at 3%.

Regulations delaying the refund of prior deposit on imports until shipments have cleared customs and raising the import registration fee to 4% for essential goods were put into effect at the same time. The private sector will bear the brunt of these regulations.

Oil discussions

In October 1966 a dispute arose between the Oil Consortium, Iran's largest producer of crude oil, and the Iranian Government over the rate of increase of future oil production. By the end of the year, however, an agreement had been reached. The two parties agreed to an increased rate of oil production accompanied by the relinquishment of some of the Consortium's concession area to the Iranian Government. The Consortium also agreed to provide the Iranians with additional crude oil for export marketing.

In a unique agreement signed in August, the National Iranian Oil Company appointed the French Government firm ERAP as a contractor for the geological exploration of various offshore and onshore areas. If oil is discovered the French firm will also operate and supply all capital required for the operation of the oil field. It has been estimated that under the most favorable circumstances the Iranians would receive 91.5% of the profits.

Sales prospects

The best opportunities for sales in Iran are for machinery, equipment, and services associated with economic development.

Under Iran's Third Development Plan, not only is emphasis being placed on projects such as road and railroad building, dam construction, electric power generating and transmission, and airport and port development, but also on industrial diversification.

Suppliers of specialized industrial equipment should find a particularly good market as Iran seeks to expand its industrial base.

Plans for an Iranian petrochemical industry are proceeding rapidly. In a $27 million joint venture, B. F. Goodrich will produce polyvinyl chloride, caustic soda, and dodecyl benzene. Construction will be financed in part by a $13.1 million Export-Import Bank loan.

In addition, a proposed Allied Chemical Company project costing $170 million will produce sulfur and fertilizer and the American International Oil Company, a subsidiary of Standard Oil of Indiana, will construct facilities to produce sulfur and liquified petroleum gas. Still other petrochemical projects are in the planning stages.

In August, Reynolds Aluminum Company signed an agreement with the Governments of Iran and Pakistan to build a 50,000-ton aluminum smelter. The estimated cost of this project, to be located in the southern province of Khuzistan, is $45 million.

Preparation of the Fourth Development Plan, to begin in 1968, continues, and the details of the plan probably will be announced early this year. The emphasis is expected to be on the development of revenue-producing industries, by both the public and private sectors. Prospective private investors may be affected by new income tax legislation which is currently before the parliament and may be passed early this year.

Iran Imports, January-August 1966

Total imports	$613 million
From U.S.	$107 million
U.S. share	17%

Iran Exports, January-August 1966

Total exports	$890 million
To U.S.	$ 37 million
U.S. share	4%

Iran's chief imports from U.S.:
Wheat, motor vehicles, internal combustion engines, soybean oil, aircraft, construction and mining machinery.

Iran's chief exports to the U.S.:
Crude petroleum, carpets, shellfish, sheep and lamb skins.

Israel

Slowdown in economic growth expected to prevent any large import gains

By HOWARD M. ZIMMERMAN
Near East-South Asia Division, BIC

U.S. sales to Israel, which rose to over $200 million in 1965, may not have reached that level in 1966 due to a tapering off in the pace of economic development in Israel. Sales for 1966 were estimated at $190 million, with a slight rise anticipated in 1967.

Despite the reduced growth rate, the Israeli economy continues to expand at an impressive rate.

Israeli Government actions aimed at diverting resources from local consumption to export and improving the competitive efficiency of the economy were reflected in a decline in the annual growth of the gross national product, which had been exceeding 10% during most of the previous decade.

Israel Imports, January-September 1966

Total imports	$640 million
From U.S.	$173 million
U.S. share	27%

Israel Exports, January-September 1966

Total exports	$378 million
To U.S.	$ 59 million
U.S. share	16%

Israel's chief imports from U.S.:
Soybeans, wheat, corn, cereal grains, motor vehicles, beef and veal, mechanical handling equipment.

Israel's chief exports to U.S.:
Diamonds, cotton yarn, clothing.

In addition, a decrease in the rate of immigration has had a direct effect on the construction industry, a major component of the GNP.

Higher price levels have been accompanied by balance of trade deficits; both are subjects of major concern in Israel. The trade deficit was reduced in 1965 as a result of slowly rising imports and more rapidly increasing exports. This trend continued into 1966, and last year's deficit is thought to have been reduced to well under $400 million, compared with $409 million in 1965.

While agriculture has contributed in large measure to Israel's development progress, future development is likely to stem from industrial expansion, particularly those industries that contribute to export potential.

To achieve an optimum level of development to provide for its present and future needs, Israel has adopted an outline of economic activity for the next three years. The main principles of the new policy are: the direction of additional manpower to production for export, in industry, agriculture, shipping, and tourism; the direction of more investment to export branches by increasing productive investments and reducing investments for consumption; and reduction of unit production costs through increased efficiency and restraint on incomes and taxes.

These objectives in themselves are hardly new, but it does appear that there is a new urgency to attain them.

A reduction or abolition of wage increases linked to the cost-of-living is specified as one measure to help check inflation. It is understandably unpopular among workers, along with a proposal to spur output by linking wages to production through quotas or piece-work schemes.

Manufacturers are expected to be offered tax rebates and other incentives to increase their export performance, and the Government plans to assist research aimed at developing new products and modernizing export marketing techniques.

U.S. share

The U.S. share of the Israeli import market remained at about 25% during the first half of 1966, according to Israeli trade figures.

U.S. trade figures covering the first nine months of 1966 reflected some encouraging increases in U.S. exports: machinery and transport equipment $45.9 million (up 29% over the same period in 1965); foodgrains $35.5 million (up 11%); and oilseed $17.1 million (up 9%). Increases also occurred in sales of electric power generating equipment, electric power machinery, switchgear, and telecommunications equipment.

Sales of manufactured goods, including paper, textiles, and metal sheet and plate fell slightly during the same period to $12.4 million (down 8%).

A review of Israel's import pattern, with modifications due to the new economic program, indicates a number of product lines which will continue to be imported in substantial or increased volume. These include telephone equipment, motor vehicle parts, lifting and loading equipment, tinned sheet and plate, iron and steel bars and tubes, electrical cable, hand tools, electric welding equipment, electrical measuring and controlling equipment, food processing equipment, storage batteries, pumps, chemicals, and dyes.

The Israeli market is one of the more competitive in the Near East, but at the same time it is relatively open and offers good opportunities for U.S. products backed by adequate promotional and marketing efforts.

A U.S. exhibit at the Tel Aviv International Fair last summer proved to be an effective device for bringing U.S. products to the attention of local buyers. The exhibit also attracted buyers from other countries who were visiting or taking part in the Fair.

Two major categories of U.S. goods were featured—automotive maintenance equipment, and hotel and restaurant catering equipment—which were considered to have good sales potential in view of the emphasis being placed on expanding automotive facilities and developing tourism facilities in Israel. About 40 U.S. firms displayed their products at the Fair, and floor sales of U.S. exhibit items totaled over $600,000 by the time the Fair concluded in July.

Israel's foreign trade policy, enunciated as a part of the new effort to expand exports, calls for reductions in the level of protection being afforded to domestic industry as an inducement to improve its efficiency and competitive position. Although this policy will not be pursued with such vigor as to throw any substantial portion of the local market open to new foreign suppliers, U.S. firms should be alert to take advantage of the occasional opportunities that will arise as the level of protection on specific products is reduced.

Lebanon

Banking difficulties cause slowdown, but '67 imports should surpass '66 level

By HOWARD M. ZIMMERMAN
Near East-South Asia Division, BIC

U.S. Exports to Lebanon

January-September 1966 $65 million

U.S. Imports from Lebanon

January-September 1966 $ 7 million

Lebanon's chief imports from the U.S.:
Motor vehicles, wheat, electrical equipment and appliances, cigarettes, heating and cooling equipment

Lebanon's chief exports to the U.S.:
Sheep and lamb skins, wool, tobacco

Final statistics for U.S. exports to Lebanon are expected to show a significant increase in 1966, despite an apparent slowing of the Lebanese economy. Based on projected statistics, 1966 totals should register U.S. sales at well over $80 million, compared with $74.5 million in 1965. Lebanon's import needs for 1967 should maintain or increase this level during the coming year.

The Lebanese economy experienced some disruptions during the year that were reflected in attitudes of caution in the market place and in a curtailment of public and private development projects. The most serious economic jolt occurred during the last quarter with the closing of the Intra Bank, Lebanon's largest private bank. Amid a flurry of rumors and speculations following the bank's closure, the Lebanese government and banking community managed to maintain banking stability and succeeded in preventing widespread banking crises. At year's end, as the impact of the bank's plight was clearly felt in the Lebanese market place, there were indications that the bank might be reopened.

The banking difficulties have been reflected in a discernible slump in the Lebanese economy, and consumer anxiety has precipitated a moderate but significant drop in both wholesale and retail sales. As the year drew to a close, both the public and private sectors in Lebanon were seeking, with some indications of success, to reinforce business confidence and to facilitate a renewal of delayed public works and private development projects.

Lebanese trade statistics indicate that the United States is Lebanon's second largest supplier, with approximately 12% of the import market, following Syria but leading West Germany, France, Great Britain and Italy.

U.S. trade statistics for the first 9 months of 1965 and 1966, show that U.S. sales to Lebanon increased markedly in 1966, from $47.5 million to $64.8 million. These figures reflect a continued upswing in the level of U.S. sales to Lebanon over the last several years. A major single factor in the overall increase was a substantial rise in private Lebanese purchases of U.S. wheat, rice, and other cereal-type products, which rose from $6.5 million during the first 9 months of 1965 to $14.6 million during the same period of 1966. Smaller increases were also evident in other categories of machinery, construction equipment, motor vehicles, and consumer goods.

The most notable characteristic of the Lebanese market is competition—in both price and quality. Almost anything will sell in Lebanon as long as suppliers are able to meet the price and credit terms of the competition.

Many countries appear to be giving closer attention to Lebanon and its focal position for the Near East area. Trade missions, industry delegations, and trade fairs are becoming increasingly common in Lebanon.

Mission from Maryland

A Maryland trade mission, one of many from foreign countries, spent several days in Lebanon, met with Government and business leaders, toured the Beirut Free Zone and port facilities, and arranged numerous private meetings with Lebanese businessmen and officials.

The first Cultural and Industrial Fair, held in the Beirut suburb of Khalde, opened on June 18 for a run of 10 days. Rather than having the intended cultural emphasis, the 60 displays were almost entirely commercial or industrial in nature. While participants in the fair were mainly local manufacturers, there were indications that fair officials are interested in expanding participation next year to include foreign exhibitors.

Now beginning its third year of operation, the U.S. Sample Display Center in Beirut has been an important vehicle for bringing Lebanese buyers and American sellers together. Exhibits of U.S. products are maintained continuously throughout the year in an effort to present to the Lebanese business community the latest and most effective U.S. products that are appropriate to the local market. The services of the center may be utilized by U.S. firms to good advantage particularly for exhibits of all kinds of consumer goods, household appliances, sporting goods and goods and services connected with the tourist industry.

The Lebanese government is drawing up plans for a nationwide medical care program, as a part of a comprehensive social security plan. The program will include distribution of pharmaceuticals to eligible recipients throughout the country, and the government expects to select during the first half of 1967 the pharmaceutical manufacturers whose products are to be authorized for distribution. The undertaking will open opportunities for substantial sales of pharmaceutical items in Lebanon.

A number of opportunities for engineering and construction projects are also in the offing with plans currently being considered for the extension of major highways radiating from Beirut, the expansion of port facilities at Beirut and Tripoli, and large-scale housing developments.

Lebanon continues to experience some difficulty in achieving its aspirations for economic development under the Five-Year Economic Development Plan. Shortages of development funds have delayed some projects and caused at least a temporary shelving of others.

Self-financing by contracting companies appears to be the favored approach to implement the many public works projects envisaged under the plan, and the Lebanese government is interested in attracting qualified firms to participate in these projects.

A U.S. paper manufacturer and a Lebanese firm have announced an agreement to establish a paper plant near Byblos. The plant, which is expected to begin production in 1967, will initially manufacture wrapping paper and reinforced cardboard to be used for packaging fruit. Ultimately, the plant will produce printing paper.

The American firm, which will have a 50% interest in the plant, will provide capital, raw materials and technical assistance.

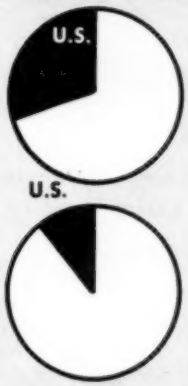
Pakistan

Foreign trade will continue upward trend; U.S. exports should recover from '66 drop

By JOSEPH C. WILSON
Near East-South Asia Division, BIC

Pakistan's foreign trade will resume its upward trend in 1967. U.S. exports to the country, off sharply in 1966, should increase appreciably this year, although they are not expected to reach the peak levels of 1965. Suspension in the summer of 1965 of virtually all foreign assistance, of which the United States is the major supplier, and its resumption in the summer of 1966 help to account for this seesaw pattern.

With substantial assistance now assured by the World Bank-sponsored Aid-to-Pakistan Consortium and with encouraging prospects for Pakistan's own exports, which reached an all-time high of $580 million last year, it appears that the country may yet achieve the trade and development goals of its Third Five-Year Plan (1965-70) despite the setbacks caused by the hostilities with India in 1965.



Pakistan Imports, January-August 1966

Total imports	$564 million
From U.S.	$175 million
U.S. share	31%

Pakistan Exports, January-August 1966

Total exports	$375 million
To U.S.	$ 44 million
U.S. share	12%

Pakistan's chief imports from the U.S.:
Wheat, fertilizers, aircraft, iron and steel, oils and fats, and motor vehicles.

Pakstan's chief exports to the U.S.:
Jute and jute fabrics, cotton textiles, shellfish, and raw wool.

Among the unpredictable factors which could alter the trade pattern this year are: the allocation of increased resources toward building up the country's military establishment; continued emphasis on expanding barter trade with certain socialist countries; and continued shortfall in agricultural production which would necessitate hard currency purchases of foodgrains to a degree detrimental to overall development programs.

In the wake of diminished PL-480 assistance from the United States, cash purchases of foodgrains at a level similar to this year's requirements could cost Pakistan one-third of its current total foreign exchange earnings, hampering its efforts to move ahead industrially.

The GNP for the year ending June 30, 1966, was slightly over $9 billion, up 4.8% over the previous year. The average GNP growth rate for the last 7 years was 5.2%. Per capita income is $78 compared with $66 in 1959 at constant costs. Third Plan targets call for an annual increase in the GNP of 6.5%.

Demands for food and consumer goods in excess of supply, emphasized by a current annual average population increase of 2.6%, have placed inflationary pressures on the economy. Present deficit financing of government expenditures adds to these pressures. The stock market has been listless for months. Despite these rather discouraging signs, both government officials and private entrepreneurs have expressed a basic confidence in the nation's future development.

U.S. exporters approaching the market for the first time will find that an inescapable concern over a chronic shortage of foreign exchange and an attempt to shop for bargains make the Pakistan customer, both private and public, extremely price conscious. This concern with price makes the selling job difficult, but there are reports from our commercial officers in the field and from manufacturers' representatives returning from trips to Pakistan which indicate a growing awareness of certain advanced quality features of U.S. equipment.

Good agent helps

Sales representatives should stress advantages of design and capacity, whenever applicable, in their efforts to overcome the Pakistani customer's tendency to check only the price tag. A local agent, trained in modern sales and service techniques, can not only establish contacts for immediate sales, but also take advantage of changing market conditions to build future sales.

Vigorous competition for this market of 115 million comes not only from the British, who work hard at maintaining established commercial ties, but from other European and Japanese firms.

A review of Pakistani trade statistics for 1966 show its total import bill running approximately 23% below the 1965 level of $1,043 million. The U.S. share of this market is estimated between $225 and $235 million, compared with $365 million the previous year. Major categories of imports will continue to be foodgrains, vegetable oils and fats, machinery, transport equipment and chemicals, including substantial amounts of fertilizers and pesticides.

Six months ago Pakistan reinstituted a liberalized import policy adopted successfully in 1964 but suspended during the war with India. The purpose of the policy is to reduce direct interference by government with the free market mechanism in an effort to improve utilization of installed industrial capacity. The primary aims of the policy are to abolish the licensing requirement for a large number of essential raw materials and equipment for key industries, and to continue and expand a system of freely exchangeable bonus vouchers. These vouchers allow firms manufacturing for export to import a wide variety of goods, including many consumer goods otherwise unobtainable on the local market. The present policy should provide freer access to the market for U.S. exporters interested in Pakistan.

Projects planned

Many large projects are planned for the near future, including a nuclear power plant, a steel mill, a multi-purpose dam project, fertilizer and pesticide factories, a petrochemical project, and substantial expansion of the country's textile industry. In addition to machinery and equipment for such undertakings, there will be a good market for fertilizers, pesticides, pharmaceuticals, transportation and earthmoving equipment and parts, and a wide variety of agricultural items such as farm implements and pumps for irrigation.

The opportunity for entering the market through joint ventures with Pakistani companies should be closely examined. The Government of Pakistan has frequently announced its policy of hospitality toward foreign private investors.

Turkey

Expect falling foreign exchange reserves to cause slight decline in imports in '67

By PETER B. HALE
Near East-South Asia Division, BIC

Turkey Imports, January-September 1966

Total imports	$539 million
From U.S.	$135 million
U.S. share	25%

Turkey Exports, January-September 1966

Total exports	$303 million
To U.S.	$ 51 million
U.S. share	17%

Turkey's chief imports from U.S.:
Wheat, lubricating oils and greases, fats and oils, motor vehicles and parts, iron and steel mill products, chemicals, industrial machinery.

Turkey's chief exports to U.S.:
Tobacco, edible nuts, chrome ore, skins.

Turkish foreign trade is reaching new highs as economic expansion continues at a fast pace. A record figure for imports is likely to be reached in 1966, but a drop in foreign exchange reserves may cause a small decline in 1967 imports.

The continued demand for capital goods has pushed foreign trade to record levels in 1966. However, the large trade deficit in 1966 has resulted in a depletion of foreign exchange reserves, with the result that imports in 1967 will probably be below those of 1966.

The drain on foreign exchange reserves has been only partially offset by increases in exports, increased remittances from Turkish workers abroad, larger tourism revenues and financial assistance from the Organization for Economic Cooperation and Development Consortium. In 1967, it is expected that assistance from the Consortium will continue at roughly the same level as 1966, while foreign exchange received from other sources will continue to increase.

The Turkish economy has expanded at a rapid rate in 1966, with Gross National Product (GNP) expected to show an 8% gain, compared to the 5.3% increase recorded in 1965. Increased industrial output and an excellent harvest have pushed the growth rate above the 7% target of the First Five Year Development Plan (1963-67).

Turkish imports for the first nine months of 1966 totaled $539 million, a 25% increase over the $430 million total for the same period of 1965. Total imports for 1966 are expected to reach $700 million, compared to $577 million in 1965.

Leading imports

Through September, Turkish import figures showed the greatest increases for fertilizers, up $11.7 million; machinery and boilers, up $45.7 million; transportation equipment, up $13.5 million; and fats and oils, up $10.2 million. By the end of September, imports of fertilizers, machinery and boilers, and transportation equipment had already exceeded their totals for all of 1965. Most other items showed smaller increases, while only imports of cereals and petroleum products showed sizable decreases.

U.S. trade figures for the first nine months of 1966 indicated sales to Turkey of $135 million, up from $116.9 million for the same period in 1965. Major contributors to this rise include fats and oils, industrial machinery of all types, electric power machinery, motor vehicles, and miscellaneous manufactured articles.

The United States continued as Turkey's major supplier for the first nine months of 1966, but the share of the market declined slightly from 27% for the comparable period in 1965 to 25% in 1966.

Turkish exports through September totaled $303 million, a 4% increase over the comparable 1965 total of $293 million. The final quarter is usually the most important for exports, and, following an excellent harvest, should bring 1966 totals to near $480 million.

Among the major export commodities which have shown sizable increases are cotton, up $15 million; tobacco, up $16 million; raisins, up $3.2 million; and copper, up $1.1 million.

Principal U.S. exports to Turkey during the first three quarters of 1966 were wheat, lubricating oils and greases, fats and oils, motor vehicles and parts, iron and steel mill products, chemicals, and industrial machinery. Chief exports to the United States were tobacco, edible nuts, chrome ore and skins.

Turkey's trade with Eastern Europe and the Soviet Union continued to increase through the first nine months of 1966, as imports increased 64%. The level of imports from these countries remains low however, accounting for only 12% of total imports through September. Trade with the EEC and EFTA countries increased greatly during the period, with imports up 44% and 37% respectively.

Due to Turkish import restrictions, supplying industrial projects with capital equipment remains the best way for U.S. businessmen to reach the Turkish market. Products which appear especially saleable for American producers at this time include food processing equipment, agricultural machinery, chemical fertilizers, selected machine tools and other light industrial equipment, hotel and catering equipment for the tourism industry, and appliances using liquified petroleum gas.

Mission from U.S.

A U.S. Industrial Expansion Mission, sponsored by the Department of Commerce, is planned for Turkey this spring. The Mission will stress joint-venture investment opportunities in metals and mineral mining and processing, food processing, light industrial machinery, metalworking machinery, and area development, especially for tourist facilities. The deadline for submission of business proposals for this Mission to discuss with Turkish businessmen is February 28. For further information on the Mission, contact the Bureau of International Commerce, BIC-918, U.S. Department of Commerce, Washington, D.C. 20230.

Foreign exchange remittances by Turkish workers abroad continue to increase, and are expected to reach $110 million in 1966, compared to $70 million in 1965.

Agricultural production reached record levels in 1966 after several years of constant production levels. Wheat production reached an all-time high, at a level greater than annual domestic needs. Important gains were also recorded by barley, sugar beets, cotton, tobacco, and citrus fruits.

UAR (Egypt)

Trade deficit, lack of foreign exchange hamper UAR imports in immediate future

By RAYMOND S. YAUKEY
Near East-South Asia Division, BIC

U.A.R. (Egypt) Imports, January-June 1966

Total imports	$538 million
From U.S.	$ 87 million
U.S. share	16%

U.A.R. (Egypt) Exports, January-June 1966

Total exports	$379 million
To U.S.	$ 12 million
U.S. share	3%

UAR chief imports from the U.S.:
Wheat, wheat flour, tobacco, locomotives, organic chemicals, animal oils, corn.

UAR chief exports to the U.S.:
Raw cotton, crude petroleum.

A shortage of foreign exchange, aggravated by a widening trade deficit, will continue to impede U.S. sales in the U.A.R. The United States remains the principal supplier, but by a narrowing margin as the U.A.R. increasingly turns to suppliers in countries with which it has payments agreements, principally in Eastern Europe.

To acquire foreign exchange needed to meet payments due on short-term debts, the U.A.R. recently resorted to sales of gold reserves. During the last quarter of 1966, gold sales totalled almost $50 million, or one-third of the country's gold reserves. Though the sales helped relieve the foreign exchange shortage temporarily, the depletion of gold reserves backing the Egyptian pound increases pressure on the exchange rate and adds to the basic need for retrenchment that cannot be averted indefinitely.

Financial missions from the U.A.R. visited the United States, the United Kingdom, and Western European countries during the latter part of 1966 to request the extension of new credits and the rescheduling of current credits to prolong repayment periods. These efforts met with scant success, except in Rome where new loans totalling some $65 million were negotiated. Discussions with the World Bank and the International Monetary Fund were opened in the latter part of 1966, but were interrupted by the sudden change of government in September before any conclusions were reached on further loans.

The new U.A.R. government inherited a Second Five Year Plan (1965-70) which had been overhauled and extended to cover seven years (1965-72) by the previous government. Although some Plan targets were raised, these were more than offset by the two-year extension.

Total investment was to have been $5.75 billion during the original five-year period. In the revised plan, this was raised to $7.36 billion over a seven-year period, which would call for only $4.83 billion during the first five years, or an investment level almost $1 billion less than was originally called for during 1965-70.

As under the Five Year Plan, the revised plan places emphasis on the industrial sector, but more stress is placed on completing projects now in process and utilizing to capacity existing plant facilities, rather than on new plants.

The Minister of Economy and Foreign Trade in the new cabinet headed by Premier Sidki Soliman announced that the trade policy would continue to stress the need to reverse the trade imbalance. He hopes to accomplish this by increasing exports to hard currency markets through increased output and reduced consumption of exportable products, and by minimizing foreign exchange expenditures on imports through greater reliance on suppliers in countries which have bilateral payments agreements with the U.A.R., mainly the Eastern European countries.

Import restrictions eased

The new Minister of Industry told a meeting of Cairo industrialists that import restrictions would be eased for manufacturers of goods destined for export. He said special exemptions would be made to allow for imports of raw materials, equipment, and spare parts needed to utilize productive capacity for exportable products.

The gross national product of the U.A.R. is estimated at $5.1 billion for 1966, reflecting a growth of 6.3% over the 1965 GNP of $4.8 billion. Though the annual GNP will continue to rise, its rate of growth has begun to fall off during the past one to two years. Estimated at an average of 6.5% annually during the period 1960-65, GNP growth is expected to fall below 6% for 1967.

Although the cost of living continued to rise at an annual rate of 10% in 1966, workers' take-home pay was cut further during the year by higher mandatory charges for services such as medical care, lunches, and transportation. Meanwhile, unemployment is rising as the labor force grows faster than industry can absorb it.

The United States retains its leading share of the U.A.R. market, but by a narrowing margin. During the first half of 1966, U.A.R. imports totalled $538 million, of which the U.S. supplied $87 million, or 16%, as against 23% in 1965 and 30% in 1964.

Sales of surplus food commodities currently comprise about half of U.S. exports to the U.A.R., the balance consisting mainly of agricultural chemicals and transport and electric power generating equipment. There may soon be new opportunities for sales of earth-moving and dredging equipment for use in the planned Suez Canal enlargement project, and insecticides for use in the planned program to combat the cotton leafworm.

The overall business outlook for U.S. suppliers is not very promising for the immediate future, though possibly more optimistic in terms of the longer range view. For the immediate future, the outlook for sales to the U.A.R. is dominated, externally, by the U.A.R.'s growing trade deficit and lack of foreign exchange; and, internally, by rising costs, rising unemployment, and a falling rate of economic growth.

Looking further ahead, the prospects are more encouraging, with the longer range possibilities afforded by recent oil and natural gas finds, development of the Aswan area where the High Dam is under construction, establishment of the free trade zone at Port Said, and the Nile irrigation and power projects.

African outlook mixed

U.S. trade expands in some countries, dips in others; 1967 gains will be modest

By DAVID POST
Acting Deputy Director, Africa Division, BIC

Economic growth in Africa is continuing. The outlook for U.S. exports is favorable; steady but moderate gains can be expected in most markets this year.

U.S. Bureau of Census data reveal that during the first three quarters of 1966 U.S. exports to Africa amounted to $796 million. Based on past fourth quarter trends and other indicators, annual exports for 1966 are being estimated at $1,073 million, which is virtually the same level as 1965.

While overall exports are not expected to expand in 1967, shifts in market orientation are taking place. Moderate drops in shipments to South Africa, Ethiopia, Morocco, Tunisia, Liberia and the Congo (Kinshasa) have occurred, and export gains have been recorded in Algeria, Ghana, Ivory Coast, Nigeria, Tanzania, Kenya and Zambia.

U.S position should improve

By and large, modest overall improvements in the U.S. trade position may be anticipated in 1967.

As in the past, the major components of U.S. exports to Africa consisted of machinery, transportation equipment, earth moving equipment, air conditioning and refrigeration equipment, spare parts, textiles, metal manufactures, tobacco products and food stuffs.

U.S. imports from Africa in 1966 reached an estimated $978 million, for a 14% increase over the 1965 figure. Basic items such as coffee, cocoa, copper, crude petroleum, food products, diamonds, metals and ores, and rubber made up the bulk of our imports from Africa.

A sanguine outlook for 1967 U.S. exports to the larger African markets is based primarily on the economic growth taking place in those countries.

Steady infusions of foreign aid, the implementation of long range development plans and growing inputs of public and private investment are beginning to bear fruit in several areas. Schools, hospitals, ports, roads, railroads, urban housing, agriculture and industry are being improved.

Sales opportunities have developed for a wide range of products, among them oil field supplies and equipment, transportation equipment, school and hospital supplies, food processing and packaging equipment, agricultural machinery, textile machinery, pharmaceuticals, chemicals and drugs, electric motors and pumps, and a variety of consumer items.

U.S. aid to Africa, which in fiscal 1966 came to $392.9 (including Peace Corps, Eximbank and P.L.480), has assisted this process and will again play a vital role in U.S. export promotion efforts. AID financed exports will gain entry for U.S. exporters in many African markets where American products are little known.

In many African countries export opportunities are limited because of foreign exchange difficulties, low levels of economic activity, and other problems.

In some African countries, French speaking for the most part, U.S. exports suffer from preferential tariffs accorded the products of West European countries plus discriminatory exchange and currency controls.

Long standing traditional preferences for the products of former metropole countries also make the introduction of U.S. products difficult in some of these areas.

A number of worthwhile markets are developing in Africa for U.S. exporters. South Africa, with purchases from the U.S. estimated at $400 million in 1966, has for some time been this country's best customer on the continent. The South African Government is relaxing the stringent import controls it applied in early 1966 and global imports should increase this year.

U.S. products in general are well regarded in South Africa, particularly capital goods, and U.S. exporters of such products should be able to capitalize on the pent-up demand which will be released when import licensing is liberalized.

Libya's continuing large oil exports have built up exchange reserves, making possible increased imports of both capital and consumer items. Rapid implementation of Libya's development plan, including the IDRIS Housing Scheme, will increase demand for building supplies, construction equipment, agricultural machinery and supplies for schools, hospitals, offices and hotels. A demand continues for oil field supplies and equipment.

Ethiopia has enjoyed steady economic growth which has recently been abetted by stable political conditions, private investment and foreign aid. Ethiopian imports are projected to increase by 11% in 1967. Sales opportunities should open for textiles and textile products, vehicles and spare parts, miscellaneous machinery and equipment, agricultural machinery and petroleum and petroleum products.

Latest reports from the Congo (Kinshasa) show that the principal economic indicators are all moving favorably, in comparison with 1965. Exports are up 22%, the budget is in surplus, imports have increased by only 8.5% and foreign exchange reserves are stronger.

Congo good market in '67

Although import restrictions will still limit the opportunities for some types of export sales, the Congo, barring changes in concessional rights to copper producers and further political disturbances, will be an attractive market in 1967 for many product lines in which U.S. producers are competitive.

The climb in both personal income and the general level of economic activity that characterized the Kenyan economy in 1965 and 1966 should continue in 1967. U.S. exports to Kenya have been rising sharply. The need for capital equipment to carry out Kenya's development plan and the growing familiarity of Kenyans with a variety of U.S. product lines indicate a further expansion of U.S. sales in the coming year.

Other attractive markets for U.S. exporters in 1967 will be Ivory Coast, Liberia, Ghana, Angola, Malawi, Tanzania and Zambia. In these countries imports are being stimulated by many factors, but foreign assistance, strengthened world prices for basic export commodities, new private investment and development plans play leading roles. The resulting improving economies and better living standards offer opportunities for the aggressive exporter.

Nigeria should continue as an important market for U.S. exporters, although current political difficulties seem to be causing a general decline in investment and consumer purchasing which should, in turn, bring about a falloff in U.S. exports. The decline is not expected to be severe, however, as U.S. products for

development projects and the oil industry will be needed.

A variety of factors such as drought conditions, balance of payments problems, tariff discrimination, currency and exchange restrictions, and low levels of economic activity generally, either singly or in combination, will mitigate against important U.S. export gains in Morocco, Tunisia, Algeria, Uganda, Sudan, Mozambique and the smaller West African and Central African countries.

In Southern Rhodesia, U.S. exports are expected to be minimal, due to U.S. support of the U.N.'s action which forbids all but essential exports to the rebel government of that country.

The U.S. Government is an active supporter of U.S. business in the latter's efforts to increase its share of the African market. During Nov./Dec. 1966, a Government-organized Trade Mission visited Morocco, Tunisia and Libya. Early in 1967 another Government-organized Trade Mission will be sent to Ghana, Congo (Kinshasa) and Zambia.

Trade Missions are also being planned for other African countries in late 1967 or early 1968.

Other assistance to U.S. exporters is being accorded through official U.S. participation in International Trade Fairs, Sample Product Displays and Mobile Trade Fairs.

The U.S. will mount exhibits at the Ghana International Trade Fair and the Tripoli International Trade Fair in February. Participation in the Ninth Somali International Trade Fair in the fall is also under consideration.

Nairobi center successful

The Sample Display Center at the U.S. Embassy in Nairobi has been successful and is continuing. The establishment of similar sample display centers at Addis Ababa and a few West African posts is being considered.

A Mobile Trade Fair, organized by the Farrell Lines with Commerce Department support, is now visiting West African posts, including Dakar, Freetown, Monrovia, Lagos, Accra and Abidjan.

U.S. firms interested in Africa should not overlook the services provided by the Afro-American Purchasing Center (AAPC), 30 Church St., New York, N.Y. 10007. This Center, which is supported by AID, provides purchasing services in the U.S. for African Governmental entities. Price lists, resumes, catalogs, and similar materials are welcomed by AAPC.

U.S. investment in Africa is growing steadily, having risen from $1.7 billion at the end of 1964 to $1.9 billion by December 1965. Petroleum investment has shown the most rapid advance ($883 million in 1964 to $1,020 million in 1965), but increases were also recorded in mining and smelting ($358 million to $361 million), manufacturing ($227 to $292 million), and trade ($91 million to $114 million).

As is evident from the above figures, although U.S. investors are still largely concentrating their activities in the extractive industries, they are also showing increased interest in light manufacturing and services.

Tourism is a particularly attractive field, and a number of new hotels financed with American capital are being constructed in Africa.

Import substitution industries, which are being sought by virtually all African countries, should also be of interest to U.S. investors. In certain instances, and under appropriate conditions, they can be highly profitable.

African countries, in order to attract investment, have been enacting investment codes or laws which generally grant generous tax holidays to industries designated as "pioneer" or basic to the country. Other benefits granted in most codes are duty free imports of needed machinery and raw materials, repatriation of profits and dividends and, in some cases, invested capital, plus liberal visa regulations for needed executive and technical personnel.

Potential American investors should examine closely the provisions of these codes, as well as the investment promotion programs now being carried out by AID.

AID has recently announced a new program to help private investors identify investment opportunities and it has, for some time, helped finance feasibility studies in connection with new investment. AID also administers an investment guaranty program under which 27 agreements have been signed and through which others are being negotiated.

These agreements are designed to protect a U.S. investor against some of the political and business risks inherent in foreign investment.

Investment in African countries leads to the establishment of new industries, creates additional purchasing power and facilitates the introduction of new products in competitive markets.

Combined with energetic sales efforts, U.S. private investment will surely lead to a stronger U.S. business presence in the growing African markets.

U.S. trade with Africa

(Excluding UAR, in millions of dollars)

	U.S. EXPORTS		U.S. IMPORTS	
		1966 Annual		1966 Annual
Area and Country	1965	(Est.)[2]	1965	(Est.)[3]
Africa Total	$1,067	$1,073	$859	$978
Algeria	21	46	5	2
Ethiopia	21	18	64	49
Libya	64	64	31	61
Morocco	55	50	6	10
Tunisia	44	34	5	3
Ghana	36	48	59	49
Liberia	39	36	51	85
Ivory Coast	11	24	46	46
Nigeria	74	96	59	56
Kenya	24	30	14	22
Tanzania	7	8	11	17
Congo (K)	70	67	38	46
South Africa	438	400	225	253
Zambia	—	33	—	2
Other Countries	163[1]	119	245[1]	279

[1] Includes Zambia. [2] Based on Jan.–Sept. trade data and 4th quarter estimates. [3] Based on Jan.–Oct. trade data plus estimates for Nov.–Dec.

Sources: "Export Trade by Country" Summary Reports, FT 950–E, Dec. 1965 and Sept. 1966, U.S. Dept. of Commerce, Bureau of the Census.
"Import Trade by Country" Summary Reports, FT 950–I, Dec. 1965 and Oct. 1966, U.S. Dept. of Commerce, Bureau of the Census.

Congo

Exports may reach post-independence high if status of mine concessions is resolved

By DOUGLAS F. CARROLL
Africa Division, BIC

U.S. Exports to Congo (Kinshasa)

January-September 1966 $44 million

U.S. Imports from Congo (Kinshasa)

January-September 1966 $34 million

Congo's chief imports from the U.S.:
Motor vehicles and parts, rice, construction and mining equipment, wheat flour, tobacco

Congo's chief exports to the U.S.:
Base metals, manganese ore, palm kernel oil, zinc, rubber, coffee

A post-independence high in export earnings during the coming year should permit a continued moderate climb in Congolese imports, provided economic stability is maintained. The U.S. share of the Congolese import market is expected to retain the 1964 and 1965 rates of 24%.

The Congolese economy is once again demonstrating its resiliency, after a temporary setback in 1965 caused by the delayed impact of a rebellion which spread throughout the east-northeast regions of the country in the latter half of 1964. Rebel activity has now been largely eliminated, enabling owners to return to plantations and allowing the Government to resume maintenance of the transportation system.

A climb in export earnings from this sector in recent months combined with continued high world prices for copper is expected to boost export receipts from the 1965 level of $338 million to well over $400 million in 1966, and it appears that the export level may average about $40 million per month during the coming year. However, the Congolese government is currently reviewing the status of copper mining concessions and must find a satisfactory solution with foreign companies to effect this favorable economic outlook.

American exporters who compete for a share of the anticipated increase in commercially-financed imports will benefit from numerous commercial advantages.

Market for U.S. goods

By demonstrating the quality of American goods our economic assistance program in the Congo has generated a market for a broader range of U.S. products on a commercially-financed basis. American firms will have an opportunity to acquaint Congolese importers with the competitiveness of these products through a U.S. government trade and investment mission that is scheduled to visit the country in February.

In order to familiarize local businessmen with U.S. products and business firms, the U.S. government maintains a commercial library at the U.S. Embassy in Kinshasa (formerly Leopoldville). Businessmen in the U.S. may contribute catalogs, price lists, and promotional literature through the Commercial Officer, American Embassy, Kinshasa, Congo.

Members of the American business community in the Congo continue to enjoy good business and personal relations with Congolese businessmen and government officials. With the Congo government attempting to reduce dependence on traditional suppliers, U.S. exporters will be presented with expanding opportunities to sell in commodity markets that have been largely closed to American products in the past.

The U.S. faces no tariff discrimination since the Congo continues to apply a single column tariff schedule to all imports, despite its associate membership in the EEC.

Gross Domestic Product (GDP) reached a post-independence high of $1197.2 million in 1964, compared with $1185.1 in 1963 and $1268.0 million in 1958. Later figures are not yet available but it is evident that GDP declined in 1965 as a result of the insurrection in the previous year.

Export receipts were also at a lower level in 1965 than in 1964, dropping from $367 million to $338 million. Although the Government dipped into its already meager foreign exchange reserves during 1965 in order to help finance the importation of essential commodities, imports fell from $306.5 million in 1964 to $302 million in 1965.

Export revenues in the first 8 months of 1966 totaled $265.5 million, climbing by an impressive 22% over the corresponding period in 1965 while imports showed a gain of about 8%. According to U.S. data American exports to the Congo rose by 4.3% over the same period, increasing from $39.6 million to $41.3 million.

Belgium and the U.S. continued to supply the bulk of Congolese imports in 1965; Belgium's share of the market dropped from 36% in 1964 to 33% in 1965, while the U.S. share remained static at about 24% during both years. However, if deductions are made for imports financed under economic assistance programs of the U.S. Agency for International Development (AID), the U.S. portion of the market dropped from 13.3% in 1964 to 11.9% in 1965.

The U.S. aid effort in the Congo continues to be channeled mainly through the Support Assistance Program and the PL-480 program. Imports financed through the former program in 1966 include trucks and spare parts, textiles, industrial machinery, chemicals, dry milk, canned fish, tires and tubes, and iron and steel. Under the provisions of PL-480, the U.S. is presently financing imports of rice, tobacco, wheat flour, and cotton.

Export openings

A wide range of export opportunities is offered by the diversified Congolese economy but demand in the coming year should be particularly strong for industrial spare parts, mining and transport equipment, and non-luxury consumer goods such as foodstuffs, ready-made women's and children's apparel, used clothing, and small electrical appliances.

While the Congo offers a clear and growing demand for U.S. products, investment opportunities are limited by restrictions on capital transfers. However, an expanding number of investment projects are becoming available to potential investors who are willing to forego profit repatriation in the immediate future and entrepreneurs should have no difficulty in obtaining foreign exchange necessary to the establishment and maintenance of new productive enterprises.

To encourage foreign investment the Government has signed an Investment Guaranty Agreement with the U.S. and has recently formed a High Commission for Planning which includes among its functions the identification of specific development projects.

East Africa

Small U.S. market share expected to climb; U.S. export prospects best in Kenya

By DOUGLAS F. CARROLL
Africa Division, BIC

U.S. sales to East Africa should continue to rise during 1967, although at a somewhat slower pace than the vigorous expansion of the past two years. Nevertheless the U.S. share of this market may increase slightly over the 1965 level of 7.3%.

An important element of this expansion has been an inflated demand for corn and other foodstuffs to relieve shortages created by a severe drought in 1965. Food purchases should return to normal in 1967 but other factors will act to maintain the strong demand for U.S. products.

Prospects for U.S. exports are particularly bright in the case of Kenya, which buys over 60% of U.S. goods sold in the region. Sales of U.S. products are also expected to climb moderately in Tanzania, but payments difficulties in Uganda may force some curtailment of purchases by that country.

A steady growth in the number of wage earners as well as per capita incomes continues to stimulate consumer expenditures, while greater supplies of capital equipment are required to implement ambitious development programs. East African consumers and entrepreneurs have displayed a preference for many U.S. goods, although our small market share indicates that much remains to be done to familiarize East Africans with the attributes of U.S. products.

East Africa offers a market of over 27 million people with a gross national product (GNP) that totaled almost $2.2 billion in 1964. Development plans for each country project annual increments in national output of over 6% for the next several years.

Trade balance favorable

East African statistics show that the region's total imports and exports balanced at $504 million each in 1965. Trade in both directions showed a sizable increase in the early part of 1966.

U.S. data indicate a continuing substantial imbalance in our trade with East Africa. U.S. exports to the region during the first nine months of 1966 rose 43% over the corresponding period of 1965; of the $30.8 million total, $23 million worth went to Kenya, $6.4 million to Tanzania, and only $1.4 million to Uganda. On the other hand, the U.S. imported $72.9 million worth of East African goods—61% from Uganda—over the same 1966 period. Coffee comprised the bulk of U.S. purchases from East Africa. Main U.S. export items were cereals, machinery and transport equipment.

It is expected that the greatest demand for U.S. merchandise by East Africans during the coming year will be capital goods which embody U.S. technological know-how, since local entrepreneurs have a high regard for these products and need them to fulfill development plan objectives.

U.S. exporters may also be able to take advantage of a construction boom in Kenya which will expand requirements for specialized equipment and materials.

AID program

U.S. Agency for International Development (AID) development loans and grants during fiscal 1966 totaled $3.3 million in Kenya, $1.6 million in Tanzania, $2.7 million in Uganda, and $3.7 million for the region as a whole. These funds generate additional markets for U.S. products since they are tied to the purchase of American equipment, supplies, and services.

U.S. businessmen who desire more information about East African commercial opportunities will want to obtain a copy of the 1966 Department of Commerce survey "East Africa: A Market for U.S. Products." It is available for 65¢ from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402, or through any of the 42 Department of Commerce Field Offices.

After reading the market survey potential U.S. exporters may wish to exhibit their wares in the Sample Display Center located in the Embassy Commercial Office in Nairobi, Kenya, which offers them a unique opportunity to develop agents and representatives at only the cost of transportation for their products.

No discrimination

U.S. products currently face no discrimination from the single-column East African customs tariff; almost all duty rates are uniform for the three countries and they apply equally to imports from all nations. The East Africans, however, are examining the possibility of granting tariff preferences to the European Economic Community as part of an association agreement under negotiation.

Although the three Governments have now established their own central banks and are issuing separate currencies, recent progress in efforts to preserve other common regional activities among Kenya, Tanzania and Uganda indicates that the area will remain a large and growing market for U.S. goods. The political differences that threatened to fragmentize the area's unified economic institutions have been largely overcome and it appears that the de facto common market and the regional services of the East African Common Services Organization will continue to function.

Industries in East Africa with U.S. participation now include bottling, canning, soap manufacturing, petroleum refining, tire recapping, pharmaceuticals, and sewing machine assembly and case manufacturing. U.S. investor interest in the region has focused primarily on Kenya, where excellent annual earnings have been reported by the more than 50 United States firms with direct representation there.

East Africa Imports, January-July 1966

Total imports	$324 million
From U.S.	$ 24 million
U.S. share	8%

East Africa Exports, January-July 1966

Total exports	$343 million
To U.S.	$ 49 million
U.S. share	14%

East Africa's chief imports from U.S.:
Corn, kraft paper and paperboard, wheat.

East Africa's chief exports to U.S.:
Coffee, tea, spices, copper.

Ethiopia

Growing industrial sector will account for most of Ethiopia's 10% import rise

By SUSAN F. PARK
Africa Division, BIC

Ethiopia's import bill is expected to rise by more than 10% in 1967 and U.S. exporters should capitalize on this increase. Market prospects for the United States continue to improve as items in which American producers enjoy a marked advantage expand in import volume.

This outlook is based on the current 14% growth rate of the Ethiopian industrial sector, the primary source of import demand, which is outpacing the overall economy. In addition, technically-oriented development projects must be undertaken to spur the slowly growing agricultural sector.

Thus, the dual goal of expansion in these two fields signals a continuing need for capital goods.

Ethiopia Imports, January-June 1966

Total imports	$75 million
From U.S.	$ 7 million
U.S. share	9%

Ethiopia Exports, January-June 1966

Total exports	$68 million
To U.S.	$31 million
U.S. share	46%

Ethiopia's chief imports from U.S.:
Breakfast cereals, raw cotton, wheat and meslin, aircraft parts and accessories, construction/mining machinery.

Ethiopia's chief exports to U.S.:
Coffee, oil seeds and nuts, goat and kid skins.

The U.S. share of this import market grew slightly in the first half of 1966, following the 1965 advance from sixth to fifth place with a 6.3% share. Italy remained the major supplier, followed by Japan, the United Kingdom and the Federal Republic of Germany, according to National Bank of Ethiopia figures.

Although Bureau of the Census data record U.S. shipments to Ethiopia worth $12.5 million for January-September 1966, a drop from the comparable nine-month 1965 total of $16.6 million, a large "non-repeat" aircraft sale in 1965 was the major cause for the decline.

Imports are climbing

However, as total Ethiopian imports for 1966 are expected to show a 15% climb to $153 million, the 1967 figures should follow this pace and again reflect the more moderate but steady growth pattern that has characterized U.S. exports to this country in recent years.

Major U.S. exports to Ethiopia in the first nine months of 1966 were breakfast cereals, cotton, wheat and meslin, aircraft parts and accessories, construction/mining machinery and parts, and electric power machinery and parts.

Strong competition from well-established and locally known British, German, Italian and Japanese businessmen has kept the United States from moving up further in the rankings of Ethiopia's major suppliers. If effective competition is to be offered, more liberal credit terms and better servicing will be needed.

The best prospects for increasing U.S. exports appear to be in agricultural machinery and processing equipment, spare parts and implements, and scientific and professional instruments. Past increases in motor vehicles and parts, petroleum and petroleum products, and specialized machinery sales should continue.

To help promote U.S. products on the Ethiopian scene and to introduce specific items to the local population, the U.S. Embassy opened a commercial office in downtown Addis Ababa a year ago. The office contains a commercial library and street floor window facilities for display of sales literature of U.S. firms.

There are no discriminatory governmental practices operating against American imports. The customs tariff, generally applied without preference to augment government revenue, has now been increased selectively in order to provide greater protection to local manufacturers.

Ethiopia exported goods valued at $69.9 million in the first half of 1966, compared with imports totaling $65.3 million. There is ordinarily some variation between Ethiopian figures. The foreign trade data used in this article are based on licenses issued by the National Bank of Ethiopia, while figures for the boxed summary above are taken from the Ethiopian Customs Administration.

During the first half of 1966, exports showed a drop of $14 million from the 1965 level. Ethiopia's coffee crop, which usually accounts for three-fifths of total export earnings, suffered a poor yield, resulting in a $17.4 million reduction in value of exports.

Although small increases in coffee earnings will probably occur, the present world coffee surplus appears to rule out any significant increase in this source of foreign exchange. Therefore, traditional agricultural products other than coffee are expected to become more important. Among other export earners, the meat and meat products industry could produce a major exportable commodity with sales possibly reaching the $2.5 million mark by 1970.

Agriculture best investment

Among the best prospects for investment in Ethiopia, agriculture, especially crop and meat processing, appears to offer the most promise. A two-year Agency for International Development sponsored survey, costing $1 million and designed to identify projects which will assist agricultural development will be initiated this month.

The minerals industry, particularly the petroleum portion, may have investment potential; many experts are convinced that petroleum products can be found in commercially exploitable quantities, but a considerable amount of preparatory work remains to be done.

In addition, the annual export of refined potash is eventually expected to reach one-and-a-half million metric tons, valued at approximately $37.6 million.

The official policy of the Ethiopian Government continues to be of hospitality toward private enterprise, including foreign investment. This policy includes such provisions as tax advantages, a liberal investment code, eased requirements for the import of machinery, and the establishment of the Ethiopian Investment Bank.

Ethiopia's gross national product reached the $1,005 million level in 1965 and is growing at a rate of 4%, or just under the 4.3% mark called for in the Second Five Year Plan (1962-67).

Ivory Coast

Plateau in economic boom expected to keep U.S. exports at present levels

By ELAINE R. ABBOTT
Africa Division, BIC

Prospects for U.S. exporters in the Ivorian market in 1967 remain moderately promising although total Ivorian imports are not expected significantly to exceed 1966 import levels.

Ivory Coast economic development has reached an apparent plateau after a remarkable period of economic growth from 1960 to 1964. Like the two preceding years, 1967 should be another year of relative consolidation. An economic upswing, however, is expected in the next few years and early 1970's when new agricultural production under present diversification schemes becomes established. Significant production increases are expected for palm oil, rubber, cotton, rice and coconuts.

Ivory Coast Imports, January-May 1966

Total imports	$105 million
From U.S.	$ 10 million
U.S. share	9%

Ivory Coast Exports, January-May 1966

Total exports	$137 million
To U.S.	$ 17 million
U.S. share	13%

Ivory Coast's chief imports from the U.S.:
Construction and mining machinery and parts, heating and cooling equipment, agricultural tractors and motor vehicles and parts and accessories.

Ivory Coast's chief exports to the U.S.:
Cocoa, coffee, fish.

The Ivory Coast has maintained a favorable balance of trade for over 19 consecutive years and exports are expected to exceed imports during 1967, though at a level somewhat reduced from previous years. According to Ivorian statistics, the level of Ivorian exports for the first five months of 1966 was valued at $137 million while imports were valued at $105 million. During the comparable period in 1965, exports reached $144 million and imports totalled $102 million.

The bulk of Ivorian trade is conducted with a relatively few industrialized countries. The Common Market, the United States and the United Kingdom provide over 80% of the goods imported into the Ivory Coast and purchase over 80% of the Ivory Coast's exports. The Ivory Coast is interested in goods from a variety of sources, however, and is trying gradually to enlarge the range of supplier countries.

The Ivory Coast has enjoyed political stability and economic progress since its independence in 1960. Its per capita income of over $200 is one of the highest in West Africa and the economy's real average growth rate of about 6% has been almost up to the planned 7.2% growth rate. The unadjusted growth rate has been around 9% but this has been offset by a 3% price rise.

The United States is the second leading commercial partner of the Ivory Coast. According to U.S. Bureau of Census statistics, U.S. exports to the Ivory Coast during the first nine months of 1966 were valued at $20.4 million as compared to $7.1 million for the same period in 1965. The increase was due mainly to the purchase of an $8.2 million U.S. aircraft by Air Afrique (a similar purchase is not scheduled for 1967) and to a lesser extent to a more liberal Ivorian policy with regard to the granting of import licenses for U.S. goods.

In addition to the U.S. position in the Ivorian market and freer Ivorian licensing procedures, prospects for U.S. exporters in the Ivory Coast are promising for several more reasons.

Surplus in U.S. trade

The Ivory Coast has continued to earn a consistent surplus in its dollar trading account and has indicated a desire to increase trade with the United States. U.S. Bureau of the Census figures show that for the first nine months of 1966 the Ivory Coast ran a $15 million surplus on trade account with the United States.

Half of all planned Ivorian investment through 1970 will be applied to areas where U.S. products are particularly competitive in price and quality. For example, U.S. capital goods and equipment are likely to be required for roads, housing, electric power, education, port development and railways.

Plans for the establishment of additional Ivorian import substitute industries for processing, conditioning, and assembling operations also present good export opportunities for U.S. goods and equipment. Particularly attractive are these industries: petroleum refining, sugar, textiles, vehicles, pharmaceuticals and tires.

An agricultural mechanization program undertaken by the Ivory Coast opens up a promising market for U.S. agricultural equipment, particularly earth-moving equipment and agricultural machinery (especially tractors). Good opportunities for U.S. exporters generated in other sectors of the Ivorian economy consist of electrical machinery, air conditioners, refrigerators, tools and hardware.

U.S. investment is welcome in the Ivory Coast and opportunities exist in the following areas: rubber plantations and processing, sugar refining, paper pulp and products, tuna canning, fish freezing and cold storage, pineapple canning, chemicals (fertilizers and pesticides), air-conditioner and refrigerator manufacturing or assembling, tourist hotels, and mineral exploration and extraction. Other promising opportunities exist in the fast growing poultry and dairy industries and in the production of soybeans. The Government of the Ivory Coast encourages joint ventures with Ivorians particularly in intermediate size industry and in investments in secondary cities in the interior.

The Ivory Coast Investment Code accords priority treatment to investors in those fields covered by the Development Plan. Benefits include tariff relief on imported machinery, raw materials, components, and spare parts and also tax holidays on some business profits. The scope and emphasis of the Development Plan of the Ivory Coast for 1960-1975 are therefore of basic interest to potential investors. Projected investment distribution is for agriculture, fishing, livestock, and forestry—10%; industry and services—39%; basic infra-structure (roads, ports, power)—30%, and social-cultural infra-structure (health, education, housing)—20%.

Liberia

Planned investment and development projects indicate better times are ahead

By ELAINE R. ABBOTT
Africa Division, BIC

U.S. Exports to Liberia

January-September 1966 $27 million

U.S. Imports from Liberia

January-September 1966 $66 million

Liberia's chief imports from the U.S.:
Machinery and parts for construction and mining, tractor parts and motor vehicles and accessories, milled rice, cigarettes, ships and boats.

Liberia's chief exports to the U.S.:
Coffee, iron ore, rubber.

U.S. exports to Liberia should experience a small upturn in 1967 in line with a gradual rise in overall Liberian economic activity. The total value of Liberian imports is expected to rise slightly in 1967.

Liberia is now moving out of an economic slump caused by capital overexpansion during 1962-63, a consequent heavy burden of debt repayments, and a business lull following completion of major investment projects. Consumer credit is still tight; the government is following a conservative program in order to handle its debt payments schedule; and world market prices for Liberia's major exports, iron ore, rubber and coffee, are softer than expected.

However, the economy is slowly regaining momentum. The slump seems to be over and the level of economic activity should begin to pick up in 1967, particularly as some investment is resumed.

The world market price for Liberia's major exports, the fiscal position of the Liberian Government and the availability of commercial credit in Liberia continue to be important factors in assessing import prospects.

The world price for iron ore and rubber has remained soft and the total increase in Liberia's export receipts has not been as large as expected. Export earnings have risen somewhat, however, due to increased over-all Liberian production. This contributed to a general quickening of economic activity at the year's end.

Although the austerity program of the Liberian Government contributed to the 1964-65 economic slump, its benefits are now being felt in increased revenues, and a budgetary excess is predicted for 1966.

Revenues for 1966 are expected to be about $46.5 million to $47 million compared to $42.4 million for 1965. As a result, there is an expanded scope for public projects in 1967 which should contribute to overall Liberian import demand. Some relief is expected toward the end of the 1960's in the current schedule of debt repayments.

Retail trade has picked up from its low during the 1964-65 period, and an easing of business credit is now expected. Unless world prices for Liberia's major exports slide and a recently passed round of tariff increases has an unexpected damping effect on consumer buying, business activity should grow in 1967.

Plans for private investment and public development projects indicate that better times are expected, as do recent construction starts and inventory levels.

Keen competition

The latest available Liberian foreign trade statistics place 1965 Liberian imports at $113 million and exports at $135 million.

The United States has remained Liberia's major trading partner and American businessmen have inherent advantages in the Liberian economy due to their established position. However, competition is keen. Other trading nations, especially the European nations and Japan, have been improving their share of the market through vigorous selling efforts.

U.S. Bureau of Census statistics indicate that the value of U.S. exports to Liberia for the first nine months of 1966 was $27.3 million, compared to $28.8 million for the same period in 1965.

The level of U.S. imports from Liberia for the first nine months of 1966 amounted to $66 million and for the same period of 1965 $32 million. The strong growth in the value of U.S. imports in 1966 is explained by sharply rising purchases of Liberian coffee.

An increasing percentage of products imported by Liberia will be related to investment. Best export opportunities for U.S. firms are primarily construction machinery and equipment, and building materials. By comparison, the market for consumer goods is small and inelastic.

If the Liberian Government's efforts to promote the establishment of agricultural processing plants are successful, food-processing machinery should also develop as a good export possibility.

Despite increased competition, a slightly rising import market and projected United States investment are expected to bring an improvement in the United States share of the Liberian import market in 1967.

The Government is preparing a new development plan for 1967-70. The plan emphasizes productive projects which yield the greatest short-run return and sound longer term projects for which foreign financing can be found.

Specific goals of the plan are a 6% annual increase in national income, expanded agricultural productivity, better transportation facilities, a higher standard of education, and improved administrative institutions and procedures.

The Liberian Development Corporation, an independent Liberian Government agency staffed by an AID-financed team from Checchi and Company of Washington, D.C., has prepared a number of feasibility studies in the area of agricultural processing. They include: palm kernel oil processing, a vegetable (peanut) oil refinery, a refinery of locally grown sugar cane, a soluble coffee plant, and a rice processing plant.

The studies are available from the Liberian Development Corporation and Checchi and Company at its Washington address: 815 Connecticut Ave., NW.

Of further interest to United States firms are new planned private investment projects in Liberia. Hydrocarbon Research, Inc. of New York has announced plans to construct a $12.5 million oil refinery which will produce 10,000 barrels of petroleum products a day by January 1968.

An umbrella factory representing a capital investment of about $100,000 will be established by B. Harwayney's, Inc., a local trading firm owned and operated by Indian nationals.

The Mesurado Oxygen Co. (part of a large, diversified Liberian firm, the Mesurado Co.) plans to construct a $100,000 carbon dioxide plant.

Libya

Oil revenues support steadily growing volume of imports for development needs

By BRADFORD W. MILLER, JR.
Africa Division, BIC

Libya Imports, January-June 1966

Total imports	$196 million
From U.S.	$ 29 million
U.S. share	15%

Libya Exports, January-June 1966

Total exports	$461 million
To U.S.	$ 25 million
U.S. share	6%

Libya's chief imports from the U.S.:
Pumps, construction and mining machinery, iron and steel pipes, electric power machinery, mechanical handling equipment.

Libya's chief exports to the U.S.:
Crude petroleum.

The outlook for increased U.S. exports to Libya during 1967 is bright. Libya's steadily rising volume of imports over the past several years should continue upward through the year.

Import purchases will be supported by the growing royalties earned by Libya's vast mineral wealth of oil and natural gas.

Additional factors supporting a high level of imports include expenditures by the Libyan Government under the Five Year Development Plan (1963-68) which are being undertaken as quickly as possible, and the growing purchasing power of individual consumers, particularly in urban areas.

Moderate tariff levels and liberal policies for licensing and for exchange transactions are also helping maintain the current high volume of Libya's international trade.

Libyan imports during the first half of 1966 exceeded most predictions. Unofficial figures for the period place Libyan imports at $196 million. This compares with $144 million for the corresponding period in 1965 and represents a gain of over 36%, thus advancing Libya's per capita annual import rate from $180 to $246.

Principal imports included construction equipment and materials, heavy transport equipment, passenger vehicles, and manufactured goods. Total annual imports for 1966 may well approach $400 million.

Libyan statistics show that imports from the U.S. for the first six months of 1966 increased to $29 million compared to $24 million for the corresponding period of 1965. According to Libyan statistics the U.S. share of the market in the first half of 1966 declined very slightly from the same period in 1965, to about 15%.

The drop in the U.S. share of the market despite overall sales advances, reflects the increasingly stiff competition facing American exporters from Italian, British, German, and Japanese exporters.

It also points up the fact that the volume of previous shipments of capital goods required by American oil companies operating in Libya has been lessening, and that Libyan imports from the U.S. in the non-petroleum sector have not been sufficiently strong or broadly enough based to be completely offsetting.

In 1965, the U.S. held first place as supplier to the petroleum industry but fourth place behind Italy, the U.K., and West Germany as a supplier of general imports. Products which have a high sales potential include: construction supplies and equipment; desalinization equipment; agricultural equipment and machinery, especially irrigation equipment; supplies and equipment for hotels, schools, hospitals, and offices; and most kinds of consumer goods.

Libya continues to have a very favorable economic and financial position. The gross national product stood at $876 million in 1965, which represented a per capita income of $549.

Oil's contribution grows

The largest single source of income for Libya is derived from the oil industry, whose contribution in 1965 was calculated at $350 million. There is every indictation that this contribution will continue to grow both relatively and absolutely over the next several years.

Gold and foreign exchange holdings remain strong and, with the elimination of the once chronic trade deficit through oil exports, Libya's external financial position should continue to be very sound.

The upward push in the general level of prices remains the chief negative factor on the Libyan economic scene.

The Commerce Department will mount a large product exhibition at the 1967 Tripoli International Fair to be held in February-March.

Economic development continues to have a high priority. Through the first three years of the 1963-68 Libyan Five Year Development Plan, nearly $400 million was authorized for development.

However, by the end of the third plan year, actual expenditures were being made at a rate of only 60% of authorized levels. Primary development emphasis is being placed on: public works, including electricity, water supply, sewerage, and general construction; communications, including ports, roads, civil aviation, and telecommunications; agriculture, including land settlement, water development, mechanization, marketing, and extension projects; and education, including classroom and facilities construction and training programs.

Total planned expenditure under the Five Year Plan is currently estimated at $700 million. Financing is available from petroleum revenues, 70% of which are earmarked for economic development. Although funds have generally been available, actual construction has lagged behind planning due to shortages of skilled labor and delays due to planning, bidding, and contracting problems.

Construction opportunities

Opportunities in the construction field are of prime importance for U.S. exporters and investors.

The single most important construction program planned for Libya is the Idris Housing Project. Intitial plans called for construction of 100,000 residential units at a total cost of $1.1 billion, to be completed by 1971. It is anticipated that the first stage of the project, which involves only 10,000 units, will get under way early this year.

Other recent calls for supply and construction bids have included those for small power generators, clinics, schools, pumping plants, and government offices.

Morocco

Long-term prospects remain hopeful, but austerity will continue in 1967

By BRADFORD W. MILLER, JR.
Africa Division, BIC

U.S. Exports to Morocco

January-September 1966 $39 million

U.S. Imports from Morocco

January-September 1966 $ 8 million

Morocco's chief imports from the U.S.:
Wheat, wheat flour, inedible tallow, barley, motor vehicles, soybean oil, construction and mining equipment.

Morocco's chief exports to the U.S.:
Manganese, fertilizers, agar agar, sardines, natural phosphates, pepper.

U.S. exports to Morocco in 1967 are likely to decline slightly, in line with overall reductions in Morocco's purchasing. However, because of Morocco's basically sound economic potential, including considerable natural resources, long term prospects remain hopeful.

Limited foreign exchange reserves, built up to present levels only through an austerity budget and the curbing of imports, will probably lead to decreases in the range and volume of Moroccan imports this year.

The serious effects of last season's drought on Moroccan agriculture, which normally supplies a significant part of export earnings, will further depress imports this year.

Due to changes in Moroccan procedures for tabulating and reporting trade statistics, there are as yet no official Moroccan export or import figures available for 1966. Latest Moroccan figures show that Morocco had a trade deficit of $23 million in 1965.

Total imports for 1965 were valued at $453 million and exports at $430 million, compared to $460 million worth of imports and $432 million worth of exports in 1964.

The reduced level of imports in 1965 reflected the Government's program to conserve foreign exchange by discouraging non-essential imports. As a result, Moroccan holdings of gold and foreign exchange rose from $73 million at the beginning of 1965 to $120 million in January 1966.

However, indications are that holdings were drawn down during the latter part of 1966. Reserves should remain under pressure in 1967 because of the necessity to import grain.

Although U.S. exports to Morocco have been substantial in recent years ($37 million in 1964, $55 million in 1965, and $39 million for the first nine months of 1966), a large part has been financed from U.S. Government loan and assistance programs and has not represented any significant expansion of U.S. private commercial exports.

Exports of U.S. commodities under the PL-480 programs through the end of 1966 were large, as a result of U.S. efforts to help ease the Moroccan food shortage. In addition to purchasing 100,000 tons of U.S. Commodity Credit Corp. wheat last November, over 150,000 tons of PL-480 wheat are scheduled for delivery to Morocco in 1967.

If the Moroccan crop is insufficient to fill the remaining gap of normal cereal requirements, additional commercial purchases in the world market may be necessary.

Aside from PL-480, part of U.S. exports to Morocco have been financed by Supporting Assistance Loan Funds. With the termination of this program in 1966 a further reduction of U.S. exports to Morocco can be anticipated.

The composition of U.S. commercial exports to Morocco in 1965 and 1966 showed a significant increase in shipments of industrial equipment and a correspondingly sharp fall in non-food consumer goods.

Drifting downward

U.S. Bureau of Census statistics for the first nine months of 1966 indicate U.S. exports to Morocco of $39 million, compared to $44 million for the same period in 1965. Total U.S. exports to Morocco in 1966 will probably be less than the 1965 level and will probably continue drifting downward at least through the first six months of 1967.

Agricultural products held the undisputed lead among categories of U.S. exports to Morocco; mining equipment, motor vehicles, electric power machinery and various other manufactures followed.

No changes in the overall pattern and composition of U.S. exports to Morocco are expected in 1967.

Moroccan tariffs are moderate and nondiscriminatory. Complex licensing and deposit regulations do, however, constitute a burden for U.S. exporters. Generally, Moroccan tariffs are higher on non-food consumer and luxury goods and lower on industrial, mining, agricultural, and other capital equipment.

Imports from countries outside the French Franc Area require individual import licenses.

Tourists have been visiting Morocco in ever greater numbers. The Moroccan Government's encouragement of this fast growing business has given rise to considerable interest by foreign investors in constructing hotels and other tourist facilities. The recent opening of a large American managed hotel in Morocco is an example of U.S. interest.

Opportunities for U.S. firms supplying goods and services to various aspects of the tourist industry should become increasingly important.

Agriculture stressed

In the face of last year's 50% reduction in agricultural production, the Moroccan Government is strengthening its plans for agricultural development. Irrigation and flood control projects especially hold promise for U.S. suppliers of products in these fields.

Other products that should offer increased sales possibilities include; chemicals, pharmaceuticals, pesticides, disinfectants, fertilizers, and synthetic yarns and fabrics.

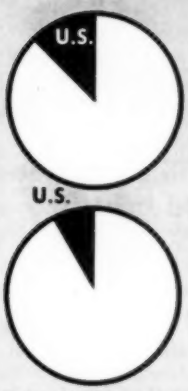
The Moroccan gross domestic product has advanced irregularly in the past; between 1964 and 1966 only small overall gains were realized. Because of the serious economic consequences of the agricultural situation, it is even doubtful that the slight gains of 1966 can be matched in real terms this year, since the loss of income and purchasing power in the rural areas is still making itself felt throughout the economy.

On the industrial side, however, the Moroccan Government's continuing encouragement of domestic and foreign investment should provide some opportunities for exporters. Textile machinery, industrial and metallurgical equipment, and machinery for the food processing industry are worth exploring.

Nigeria

Decline in investment and imports expected as result of political unrest

By ANNETTE ROBINSON
Africa Division, BIC



Nigeria Imports, January-April 1966

Total imports	$236 million
From U.S.	$ 31 million
U.S. share	13%

Nigeria Exports, January-April 1966

Total exports	$265 million
To U.S.	$ 24 million
U.S. share	9%

Nigeria's chief imports from the U.S.:
Equipment for the petroleum industry, including steel pipes and fittings; heavy construction equipment; and wheat.

Nigeria's chief exports to the U.S.:
Crude petroleum, crude rubber, tin, and cocoa beans.

Despite political difficulties in Nigeria throughout most of 1966, U.S.-Nigerian trade to date has not been affected and U.S. exports to Nigeria achieved a record high for the first three quarters of 1966.

However, due to the continuing uncertainties of the political situation, the Nigerian economy now appears to be undergoing a mild recession. New investment is down and currently both orders and inventories are well below normal. Slackening economic activity has reduced the revenue of the federal and regional governments and has contributed to some decline in public expenditures. On these bases, a general decline in Nigerian investment and purchasing may be expected in 1967.

This decline may be reflected in a decrease of U.S. sales to Nigeria during 1967. However, U.S. exports consist primarily of basic food-stuffs and of capital goods and equipment for public projects and for the petroleum industry, which are expected to continue at relatively normal levels. In addition the continued operation of the U.S. AID program in Nigeria should help sustain U.S. exports. For these reasons it is thought that any decline in U.S. sales will be moderate.

Businessmen marking time

Although political uncertainty has slowed the pace of day-to-day business activity in Nigeria, the present climate in the business community is one of watchful waiting. It is generally felt, at this point, that if political stability can be regained, a resurgence of the strong economic growth Nigeria has experienced in recent years can be anticipated.

Nigerian annual statistics, expressed in current prices, show that the gross national product for the Apr. 1, 1965-Mar. 31, 1966 Nigerian fiscal year reached an all time high of $4.85 billion, representing a 7% growth rate over the previous year. For the last five years (1961-66), Nigeria's GNP has grown at an average annual rate of 5.2%.

Nigerian trade figures for 1966 are available, without breakdown by country, only for the first eight months. For this period over-all imports amounted to $620 million compared to $644 million for the first eight months of 1965. Most of the reduction in Nigerian imports can be attributed to lower purchases of automobiles, textiles, and refined petroleum, resulting from increased production of import substitute industries.

Over-all Nigerian exports for the first eight months of 1966 totalled $665 million compared to $640 million for the same period in 1965. The rise in exports is accounted for primarily by growing sales of crude oil from Nigeria's booming oil industry and also by increased receipts for peanuts, cocoa, and palm products.

In 1965, Nigeria's balance of payments showed a small net surplus for the first time in eleven years. This was helped by a strong trade account performance. The first quarter figures for 1966—$183 million in imports and $190 million in exports—indicated a $7 million surplus on trade account, which is promising for a favorable balance of trade for the entire year. It seems probable that a modest over-all payments surplus will be recorded for the year as a whole.

U.S. exports increase

U.S. exports to Nigeria, based on U.S. Bureau of Census statistics, for the first nine months of 1966 were $75.6 million compared to $53.0 million in the same period in 1965. Thus, for the first three quarters of 1966, total U.S. exports to Nigeria were running about 30% greater than for the same period last year.

U.S. imports from Nigeria for the first three quarters of 1966 were valued at $43.2 million compared to $44.4 million for the same period in 1965.

The U.S. share of the Nigerian market for the first quarter of 1966, according to Nigerian statistics, remained at 12%, the same level as that attained for all of 1965. For 1965 the United Kingdom's share of the Nigerian market remained at 31%, the EEC's rose from 23% to 25%, and Japan's fell from 12% to 9%.

The U.S. can expect to maintain or increase its share of Nigeria's imports over the long run since the demand for capital goods and equipment, of which the U.S. is an important supplier, is likely to increase.

The Nigerian government announced substantial reductions or elimination of duties on a large number of imports, including high-displacement automobiles, certain food products, textiles, industrial machines, rubber products, and tobacco products, on Nov. 23, 1966.

Agreement signed

After almost four years of discussions and negotiations an agreement creating an association between Nigeria and the European Economic Community was signed in Lagos on July 16, 1966. The agreement comes into force early in 1967 and is valid until 1969.

Nigeria's move to become an associate member of the EEC came from a desire to help preserve its position in the EEC market, which has grown increasingly important to Nigeria in the past few years.

As a result of the association, Nigeria should be able to maintain its position as a supplier of tropical products in the growing EEC market. However, because the list of preferences granted by Nigeria to the EEC is made up of products not generally supplied by U.S. exporters, and is limited in range between 2% and 10%, the association will not have much effect on U.S. exports to Nigeria.

South Africa

Inflationary trends continue, but easing of import quotas should boost U.S. sales

By WILLIAM K. KRIST
Africa Division, BIC

U.S. exports to South Africa are expected to regain their upward momentum in 1967, after declining an estimated 10% in 1966. The U.S. share of the market, however, should remain constant at the 1965 and 1966 levels of 18 to 19%.

The major basis for these predictions is the relaxation of import controls announced in July and December of 1966. These controls had been tightened in August 1965, and led to a reduction in the level of imports for the first nine months of 1966 of 12.1% below the comparable 1965 period. Assuming these controls are not tightened again in the near future, a considerable amount of the previously pent-up demand for imports should be released.

South Africa Imports, January-May 1966

Total imports	$896 million
From U.S.	$164 million
U.S. share	18%

South Africa Exports, January-May 1966

Total exports	$637 million
To U.S.	$ 67 million
U.S. share	10%

South Africa's chief imports from U.S.:
Road motor vehicles and parts, wheat, organic chemicals, rice, corn, construction mining machinery, and mechanical handling equipment.

South Africa's chief exports to U.S.:
Copper, radioactive materials, ferroalloys, shellfish, wool, diamonds.

Continued growth of the South African economy also indicates that the general level of imports should rise. In 1965 the gross national product (GNP) increased by 5% to a level of $10.7 billion; indications are that a similar growth was achieved in 1966. The Economic Development Program calls for a growth rate in the neighborhood of 5.4% for 1967; however, many South African economists anticipate a slightly lower level than this during the coming year.

Indicators mixed

South African businessmen continue to be optimistic, although less so than at this time last year, as some of the leading economic indicators are contradictory. For example, the index of physical volume of manufacturing production increased 6% and the retail sales index 3% in the 12 months ended June 1966. However, later data for iron and steel foundry production, a leading factor in the manufacturing production index, show a decline during the first eight months of 1966 from the comparable 1965 period; this could presage a leveling off in the overall rate of growth of manufacturing production. Also of significance, the number of building plans passed during recent months has declined, primarily because of the scarcity of mortgage loans.

The consensus in South Africa appears to be that 1967 will be a year of further consolidation, at least for the first half, before the economy continues its previous growth. This forecast, of course, could be upset by international political developments, such as the Rhodesian question, where the possibility always exists that South Africa could be embroiled in a trade embargo, or the South West Africa issue.

Another question mark is the persistence of inflationary pressures, as shown by the rise of over 3% in both the wholesale price index and the consumer price index in the year ended June 1966. In an effort to control these pressures, caused largely by an excess of demand, import quotas were eased in July and the new budget, announced in August, was designed to be non-inflationary. While these measures had some effect, considerable excess liquidity appeared to remain and further anti-inflationary measures were adopted in early December which involved another relaxation of import controls and further credit restrictions on South African businessmen.

Imports drop

For the first nine months of 1966 preliminary figures showed that imports were valued at $1.7 billion, a decrease of $231 million from the comparable 1965 period. During the same period exports increased in value by $132 million, to a level of $1.2 billion. As the trade balance improved, foreign exchange reserves held by the Reserve Bank rose to $749.8 million in July 1966, a $285.4 million increase over July 1965. In spite of the relaxation of import controls in July, reserves rose to an even higher level of $761.9 million by October 1966, before showing a slight decline toward the end of the year.

Although this high level of reserves has contributed to some extent to the inflationary pressures by increasing liquidity, the government would like to maintain them at a high level for political reasons. Should reserves now fall significantly more than anticipated, assuming the inflation is controlled, tighter exchange controls could always be reinstated.

According to South African figures, almost all categories of imports decreased over the first nine-month period of 1966, the only major exception being the food and live animals category. The $39 million increase in this category is primarily attributable to the drought, which also prevented exports of food and live animals from increasing significantly. While the effects of the drought are still being felt, it is unlikely that imports of food commodities will increase further in 1967.

U.S.-South African trade has been paralleling these worldwide trends. According to U.S. data, U.S. exports to South Africa during the period Jan.-Sept. 1966 came to $291 million, a 17.5% decrease over the comparable 1965 period.

Most needed products

The best prospects for U.S. exporters for 1967 lie in the area of capital goods, since this area will be favored in the initial 1967 import-permit allocations. As this category is needed if South Africa is to achieve her desired level of growth, it is likely that import-permit allocations throughout the year will follow a similar pattern. This should present U.S. exporters with many good opportunities for increasing sales during the coming year, in spite of heavy competition from British, French, German, Italian and Japanese suppliers in this area.

U.S. SHARE OF IMPORTS INTO SELECTED COUNTRIES

Country	1965 Imports			1966 Imports January through latest month			
	From world (million	From U.S. dollars)	U.S. share %	Latest month	From world (million	From U.S. dollars)	U.S. share %
Ireland	1,041	84	8.0	Aug.	674	60	9.0
Portugal	924	75	8.1	Sept.	674	59	8.7
Netherlands Antilles	745	78	10.4	Feb.	127	15	12.1
Trinidad and Tobago	475	80	16.9	Aug.	296	42	14.2
Ghana	451	39	8.7	Mar.	125	18	14.1
Iraq	449	53	11.8	Mar.	123	(1)	(1)
Rhodesia	378	26	6.8	(1)	(1)	(1)	(1)
Kuwait[2]	377	77	20.4	May	190	41	21.5
Viet-Nam, Rep.	357	162	45.3	Mar.	86	35	40.1
Zambia	332	21	6.2	Mar.	86	(1)	(1)
Ceylon	310	12	3.8	Sept.	320	9	2.7
South Arabia, Fed. of (Aden)	301	5	1.8	June	150	2	1.6
Jamaica	295	90	30.6	July	179	71	39.8
Burma	247	17	6.7	June	63	(1)	(1)
Tunisia	246	40	16.2	April	88	14	15.4
Syria	213	15	6.8	Mar.	68	3	3.9
Sudan	208	14	6.5	April	75	5	6.3
Angola	195	15	7.9	June	94	8	8.6
Mozambique	173	7	4.1	April	62	3	5.3
Ecuador	171	70	41.2	June	81	31	37.7
Senegal	164	7	4.1	Mar.	50	3	6.0
Jordan	157	23	15.0	Mar.	43	7	15.8
Uruguay	151	20	13.6	June	77	8	10.6
Cyprus	144	5	3.2	July	87	5	5.2
Malagasy, Rep.	138	6	4.4	July	77	6	8.2
Iceland	137	17	12.4	Sept.	114	16	14.0
Cameroon[3]	134	8	6.0	Jan.	11	(4)	4.3
Bolivia	134	59	43.7	(1)	(1)	(1)	(1)
Sierra Leone	108	15	14.3	April	35	2	6.5
Guyana	104	26	24.5	July	66	14	21.1
Cambodia	103	3	3.0	Aug.	78	2	2.3
Malta	98	2	2.4	Mar.	26	1	5.0
Reunion	97	1	0.7	June	49	(4)	0.6
Surinam	95	44	46.6	Mar.	23	(1)	(1)
Martinique	91	7	7.4	June	47	4	7.8
Guadeloupe	85	6	7.5	June	49	3	7.0
Mauritius	76	3	3.5	June	34	(1)	(1)
Barbados	67	10	15.7	June	36	6	17.3
Congo, Rep. (Brazzaville)	65	4	6.1	June	36	2	4.8
Bermuda	59	28	47.0	June	33	16	49.3
Paraguay	52	10	18.4	Sept.	41	7	18.0

Note: In order to present comparable statistics for all countries, import data have been adjusted from an f.o.b. to a c.i.f. valuation for Netherlands Antilles, Rhodesia, and Zambia.

[1] Not available.

[2] Excludes oil company imports.

[3] Data refer to East Cameroon only.

[4] Less than $500,000.

Sources: Official trade statistics of listed countries.
International Monetary Fund, *International Financial Statistics.*

Optimism marks industrial outlook for coming year

Prospects in 78 U.S. industries reviewed in Commerce publication

A variable climate of international competition and demand is part of the U.S. industrial picture for the coming year, which is generally one of optimism.

U.S. Industrial Outlook for 1967 reports that 1966 was the sixth consecutive year of the longest upswing of U.S. economic activity on record, and predicts further gains for 1967.

Prepared by the U.S. Department of Commerce's Business and Defense Services Administration economists and industry analysts, the new Outlook shows trends in key U.S. industries, production sales, shipments, employment, productivity, imports, exports, new product development, regulations and financial ratios. Each industry section provides a review of recent developments, including problem areas, international trade and, where available, relevant financial data.

High levels seen

Very high levels of activity in industries related to booming business investment and capital goods expenditures are expected to continue well into 1967.

Although the construction industry is expected to level off, overall performance will be the result of mixed trends. Private nonresidential building will surpass housing for the first time in the postwar period.

All types of industrial and business machinery producers anticipate further gains to new record levels in 1967, although the rate of increase probably will be lower than in 1966.

Sharp gains are expected in materials handling equipment, industrial pumps and compressors, refrigeration and air-conditioning equipment, industrial electrical equipment, and office machines and computers.

The outlook for a broad range of consumer goods and service industries is closely tied to population trends, growing personal income levels, and the introduction of new and improved products flowing from research and development.

Copies may be obtained from the Superintendent of Documents, GPO, Washington, D.C. 20402 at $1.25 each.

OECD joins search for more trade with Bloc nations

Under Secretary Rostow tells group's Council of Ministers that Europe can teach U.S.

As part of the continuing process of reaching a better understanding with the Communist World, the Ministerial Council of the Organization for Economic Cooperation and Development has requested the organization's secretary general to explore the possibilities for a constructive OECD role in the reconciliation of East and West.

Under Secretary of State Eugene M. Rostow reminded the ministers of President Johnson's recent remark that the OECD can play an important role in trade and contact with the East.

"There is nothing new in this announcement," said Rostow, "but what is new regarding the President's speech is the feeling that for many reasons the time may have come for the Eastern European countries to accept our overtures."

Rostow also pointed out that the other OECD countries had much more experience in East-West trade than the United States. "We believe there is much to be learned from your experience and feel that it could be extremely useful to undertake an exchange of views about trade with the Communist countries of Eastern Europe."

As a beginning, he suggested the possibility of having OECD's tourism committee consider how its activities might be broadened to include additional countries. Tourism has become the largest single European industry and Eastern Europe is becoming one of the new "in" areas. Rostow also said the OECD might consider inviting East European representatives to such activities at the OECD-sponsored conference on road research.

However, he cautioned against wasting funds on projects that might duplicate projects undertaken by other organizations such as the Economic Commission for Europe.

Conversion values of European currencies

By PAUL A. MAYER

Bureau of International Commerce

The accompanying table shows the value of the dollar in terms of principal European currencies and, conversely, the value of these European currencies in terms of dollars as well as in terms of all other European currencies listed.

The table can be used "both ways"—to show not only the amount of foreign currency that can be bought for one dollar, but also the amount of dollars which can be bought for one unit (or multiples of one unit) of a given European currency. For example, line 1 (United States) shows that $1 buys 7 shillings and 2 pence, and line 7 (Great Britain) that £1 buys $2.80.

Readers interested in transactions between, say, the United States, France and Germany, will find the following pertinent data: 1 U.S. dollar buys 4.90 French francs or 4 Deutschmark (line 1); 100 French francs buys $20.40 or 81.50 Deutschmark (line 5); 100 Deutschmark buys $25 or 122.50 French francs (line 6).

The table, which is current as of year-end 1966, is to serve merely as a rough desk tool. For close financial calculation, up-to-the-minute information should be obtained from banks or other financial institutions specializing in foreign exchange.

Country	Currency units	Value in		$	£	Bfrs	Dkr	Ffrs	DM	£ sh d	Lire	Hfl	Nkr	Esc	Pts	Skr	Sfrs
United States	Dollars	$	1	★★	25.30	50.00	6.90	4.90	4.00	–. 7.2	625	3.60	7.15	28.50	60	5.17	4.32
Austria	Schillings	$	100	3.95	★★	197.50	27.25	19.35	15.80	1. 8.2	2,470	14.25	28.25	112.85	237	20.40	17.05
Belgium	Belgian francs[1]	Bfrs	100	2.00	50.00	★★	13.90	9.80	8.00	–.14.3	1,250	7.20	14.35	57.50	120	10.30	8.65
Denmark	Danish kronor	Dkr	100	14.50	366.00	723,00	★★	70.90	57.90	5. 3.–	9,035	52.20	103.35	412.00	870	75.00	62.50
France	French francs	Ffrs	100	20.40	516.00	1,020.00	141.00	★★	81.50	7. 5.6	12,730	73.55	145.70	580.50	1,225	105.50	88.00
Germany	Deutschmark	DM	100	25.00	633.00	1,250.00	173.00	122.50	★★	8.18.9	15,625	90.00	179.00	712.50	1,500	129.25	108.00
Great Britain	Pounds[2]	£	1.–.–	2.80	70.90	140.00	19.30	13.72	11.20	★★	1,750	10.10	20.00	80.00	168	14.45	12.10
Italy	Lire	Lire	1,000	1.60	40.50	80.00	11.00	7.85	6.40	–.11.5	★★	5.75	11.45	45.60	96	8.27	6.90
Netherlands	Holl. florins	Hfl	100	27.70	701.50	1,385.00	191.00	136.00	110.25	9.18.–	17,320	★★	198.30	792.00	1,660	143.00	120.00
Norway	Norw. kroner	Nkr	100	14.00	354.00	700.00	96.50	68.50	56.00	5. –.–	8,750	50.40	★★	400.00	840	72.25	60.50
Portugal	Escudos	Esc	100	3.50	88.60	175.00	24.20	17.20	14.00	1. 5.–	2,200	12.64	25.00	★★	210	18.15	15.15
Spain	Pesetas	Pts	100	1.68	42.54	84.00	11.60	8.25	6.70	–.12.–	1,050	6.05	12.00	48.00	★★	8.70	7.25
Sweden	Swedish kronor	Skr	100	19.35	490.00	967.00	133.33	94.80	77.00	6.18.3	12,100	70.00	138.30	551.00	1,160	★★	83.50
Switzerland	Swiss francs[3]	Sfrs	100	23.20	586.50	1,158.00	160.00	113.50	92.20	8. 5.6	14,475	83.50	165.50	660.00	1,390	119.75	★★

[1] Used also in Luxembourg. [2] Used also in Ireland. [3] Used also in Liechtenstein.

EXPANDING MARKET

East-West trade reviewed

Export and import possibilities, controls, credit assistance are described in 1967 perspective

By J. MISHELL GEORGE

American businessmen across the country appear to have accepted President Johnson's challenge to help build bridges to Eastern Europe through trade.

GEORGE

In most of the Eastern European countries a revival of nationalism is under way. In varying degrees these countries are asserting their independence from the Soviet Union in both attitude and action.

They are liberalizing some aspects of their internal economies and expanding their relationships with free world nations.

Thus, we can no longer view Eastern Europe as a monolithic bloc, but as a number of individual countries whose primary interest is increasingly the promotion of their own national growth and development rather than the advancement of international Communism.

The United States has responded to these developments in many ways, including attempts to improve trading relations with these countries.

There are many real obstacles to the growth of U.S. trade with Eastern Europe. These obstacles are not unique, because almost every one of them can be found in trading situations among Western countries. But they apply to so many of the potential trading operations with Eastern European countries that a rather special situation is created.

Their impact can be moderated, however, and in some instances removed entirely. This has been one of our objectives in recent years. Let us review the principal ones, and future prospects for removing them.

Export controls

For reasons of national security, the Department of Commerce has maintained special export controls toward Eastern European countries since 1948. However, the Department has moved to relax its licensing policies and its export licensing requirements toward these countries whenever changing circumstances have permitted.

Most industrial goods still require a validated export license for shipment to Eastern Europe, except for Poland and Rumania, which are treated more liberally. Most technical data is under validated export requirement to all Eastern European destinations.

The validated license requirement provides a case-by-case review and allows the Department of Commerce to identify peaceful non-strategic items and transactions which can be approved for export while assuring that the national security interest is protected.

A decade ago export of most basic industrial items would have been denied to these destinations. Now most such items are likely to be approved. In 1965, for example, the Commerce Department denied less than 5% of the license applications for goods, by value, and less than 6%, by number, of those for technical data.

Third country use

In addition to direct U.S. exports to Eastern European destinations, there is a substantial and growing number of indirect exports in the fields of components, equipment and technical data which become part of export transactions by third countries, principally the U.K. and Western European countries, to Eastern Europe.

These transactions, usually by U.S. subsidiaries or licensees abroad, are recorded by the U.S. as exports to the third countries rather than to Eastern Europe.

In the case of technical data, whether in the form of direct or indirect shipments, the sales price or other monetary return to U.S. firms is not recorded in export statistics at all. Yet these transactions are believed to constitute an increasingly important share of U.S. trade with Eastern Europe.

Important value

The likely return to the U.S. firm from the export of technical data to Eastern Europe in some cases is several millions of dollars, and in many other cases is over several hundred thousands of dollars. Obviously, even a small number of such cases for each of the Eastern European countries could represent a sizable addition to the value of exports reported.

The principal trade impact of U.S. export controls has been to limit the selection by these countries of items to be imported from the U.S. rather than to limit the level of their imports from us.

As the situation stands today, the broad fields of industrial and agricultural goods and technology are reasonably open for both direct and indirect export for peaceful uses even though a case-by-case judgment may be necessary.

More importantly, we have moved from a largely negative attitude toward such trade to welcoming and encouraging it in peaceful items.

Ability to pay

The principal obstacle to meeting the import needs of Eastern European countries by increased exports from the United States is not our export controls or lack of competitiveness by our products, but rather it is their limited ability to pay for increased purchases.

This limitation involves four separate elements:

- Limited gold production and gold holdings;
- Non-convertibility of East European currencies in the world money markets, and their limited ability to earn dollars or convertible foreign exchange from

the author

J. Mishell George is Special Assistant to the Director, Bureau of International Commerce, with responsibility for East-West trade relations policy as it touches the U.S. Department of Commerce. He has been in staff positions dealing with international trade in the Department of Commerce since 1946. He was also a member of the U.S. delegation to ECOSOC meetings in Geneva in 1964, 1965 and 1966.

trade with third countries which could be used for purchases from the United States;

- Credit availability for purchases from the United States.
- Marketability of East European products in the United States.

Only the USSR possesses sizable production and reserves of gold. Soviet production is costly, reserves are low and the need is large. It uses gold to settle some accounts arising from trade agreements with individual Western countries and to pay for important imports such as its large purchases of grain in recent years. Although some of the Russian gold supply should be available for the purchase of important imports from the United States, the USSR will probably use its limited gold supply quite sparingly.

Have foreign exchange

These countries are, of course, able to earn substantial amounts of foreign exchange. Their total 1965 exports to free world countries exceeded $6 billion. Their exports to the U.K. and Western Europe in the same period were about $4 billion. However, their imports from these countries were roughly of the same magnitude. Eastern Europe's international trade is primarily conducted under bilateral agreements and there are both strong internal and external pressures for these countries to keep their bilateral trade in rough balance. This severely limits the amount of foreign exchange earnings which could be diverted to increased purchases from the United States.

While some such diversion can occur, sizable bilateral imbalances over an extended period would probably lead to counter-balancing adjustments by their trading partners.

Convertibility

Of course, this problem would be alleviated if the currencies of the Eastern European countries were acceptable on the world monetary market for conversion to dollars or other hard currencies. But they are not convertible and it is difficult at this time to predict when they might be.

Eastern European countries can sometimes avoid the use of scarce dollars for the purchase of U.S.-origin goods and technical data by ordering complete plants and installation from the U.K. or a Western European country and specifying the use of U.S.-controlled processes or the incorporation of certain major elements of U.S.-origin equipment. This technique has appeared in a number of important transactions and all three participants gain from it.

While one can foresee a substantial amount of trade arising from this process, there are probably limits beyond which the third countries would be willing to accommodate such transactions.

Their shortage of purchasing power for U.S. exports may find significant relief through co-production and barter-type arrangements. Some U.S. firms are interested in such ventures and are willing to furnish peaceful goods and technology to these countries in return for a share of the resulting production or for other products. These products might then be imported into the United States, used by the firms' subsidiaries abroad, or sold to other foreign markets.

Finally, most of these countries have recognized the foreign exchange earning power of tourism. Several of them are now actively engaged in expanding their facilities and hope to attract many American tourists.

Travel aids

The U.S. has taken various actions to facilitate travel to and from these countries. The latest was the recent signing of the U.S.-Soviet air agreement in Washington on Nov. 4. At that time Ambassador Llewellyn Thompson said. "The exchange of visitors to the other country is one area in which we would be delighted to be overtaken and surpassed by the Soviet Union. We warmly welcome greater contacts among the citizens of our two countries."

An essential element in the conduct of extensive international trade is the availability of credit on reasonable terms. For many years the credit arrangements provided by most Western industrialized countries have been extensively used in raising and maintaining a high level of trade with Eastern Europe, particularly in relation to installation of large plants.

Longer credit

While most of these credits were for terms of five years or less, in recent years some major credits have been for more than ten years.

U.S. firms, on the other hand, have had only very limited access to credit facilities in support of trade with the Eastern European countries. The principal obstacles to the extension of such credit facilities to U.S. exporters have been: the Johnson Act of 1934, which provides that private loans may not be extended to any government which is in default in its obligations to the United States; and legislation which permits Export-Import Bank guarantees on private credit financing of commercial exports to Communist countries only after the President determines such action to be in the national interest.

The Johnson Act, which is applicable to most of these countries, has been the principal obstacle. It was long interpreted as permitting only the extension of six month credits to these countries and there was very little private interest in such short-term credits.

This situation was changed several years ago when the Attorney General ruled that the Johnson Act did not prohibit extension of credit within the range of those usually encountered in commercial sales of a comparable character.

Credit guideline

Thus, deferred payment arrangements for exports from the United States to countries subject to the Johnson Act, with or without bank financing, are permitted, so long as the credit terms are comparable to those commonly given for exports of the same commodities to other countries.

However, even though these countries maintain a good reputation as credit risks in business transactions, most private firms and lending institutions have not shown any interest in extending such credit unless the United States Government would supply a substantial guarantee or insurance of the private credit being extended.

Because the Johnson Act does not apply to actions of the Export-Import Bank or the Foreign Credit Insurance Association, the focus of attention moved to the Export-Import Bank's ability to guarantee commercial credits.

Eximbank aid

Several Presidential determinations made in 1964 and that announced by the President on Oct. 7 have authorized the Export-Import Bank to guarantee appropriate short and medium-term commercial credits on any permitted export transaction to Eastern European destinations, except Albania and the Soviet Zone of Germany and for non-agricultural exports for the USSR. Of course, Eximbank's own requirements must also be met.

By these actions the President has enabled the U.S. exporter to become more competitive with other industrialized countries in obtaining Eastern European orders for such goods and technical data as the Department of Commerce is willing to approve for export. It is true that this authority does not match the long-term loans which some other countries have extended or are willing to extend, but the possibility of obtaining medium-term credits puts the U.S. exporter in a

substantially better position than formerly.

Such credits should be particularly helpful in those many instances which have arisen in recent years where U.S. technology has been licensed and sold, but the contract for the related hard goods and construction was lost to foreign suppliers who were able to offer credit terms.

The question of indirect credit assistance for export transactions to Eastern European countries should also be noted. Of immediate interest here is the President's recent announcement that the Eximbank was authorized to extend a multimillion dollar loan to an Italian bank to pay for purchases of U.S. equipment destined for installation in a Soviet automotive plant which is being constructed and financed by Italy. Other instances for the need of such supplemental financing may well arise, particularly in the case of exceptionally large transactions.

Market access

The last of the important limitations on Eastern Europe's ability to pay for increased imports from the United States is probably the most important. It is the limited marketability of Eastern Europe's products in the U.S.—the lack of access to the U.S. market and the limited present ability to sell in the U.S. market. International trade is a two-way street and any long-term growth in our trade with Eastern Europe must be based on ready access to each other's market and the ability to meet each other's market needs.

On the U.S. side, we have had only limited access to the Eastern European markets. This has been partly our own fault and partly theirs. Until recently few U.S. business firms had shown real interest in exploring possible areas of trade with the area.

U.S. interest up

In the past several years, however, the U.S. businessman's interest has increased, as has that of the government. We have sent official trade missions to Poland, Rumania, Hungary and Bulgaria. We have sponsored or assisted many industrial and business groups which have visited various Eastern European countries in recent years to explore trade opportunities.

The United States Government has actively participated in numerous trade fairs and exhibits in these countries and has encouraged and facilitated the participation by U.S. business firms in such promotional activities. In the spring of 1964 we held formal bilateral negotiations with Rumania and reached agreements which helped facilitate trade between the countries. These efforts have all been helpful but much more remains to be done before we can truly say that we really understand or have reasonable access to the markets of these countries.

It has been very difficult in past years for even the interested U.S. businessman to get ready access to plant managers and technical personnel in these countries, or to obtain the kind of market data which the U.S. businessman has been accustomed to use.

Long way to go

In several countries the situation has begun to improve recently, but much more progress must be made. At the same time we must recognize that these countries are not going to change their fundamental approaches or basic ways of doing business in the near future, and that special efforts by U.S. businessmen to understand their problems and procedures are also important in gaining access to their markets.

Thus, while the United States has adequate competence to design and produce for the markets of these countries once those markets are understood, our businessmen must still adapt to the special selling problems of these markets even while we attempt to improve conditions for the conduct of trade.

Eastern European countries, on the other hand, have had little experience in the U.S. market. Most of their exports to the United States have been in raw materials, various food products and relatively simple manufactures. Their design and production efforts have not been geared to the world export market and particularly not to the U.S. market.

Few innovations

So far, there is also little evidence of either advanced products or technology of major interest to the U.S. market. These are basic problems of which they are becoming increasingly aware, and on which some of these countries are beginning to take modest corrective action.

Some of these countries have made significant strides forward in various industrial sectors. They are now updating and expanding their chemical, plastics and petrochemical industries. In their procurement efforts they constantly seek, and are frequently successful in obtaining, some of the most up-to-date technology and plant.

They can be expected to produce a broader variety of intermediate industrial products in large volume and of high quality—products which may be usable by American industry. They will continue their efforts to modernize and expand these segments of their industry, and so long as only types of plants are involved which contribute primarily to the civilian economy of these countries, we are willing to assist through permitting U.S. exports of peaceful goods and technical data.

However, as they move into the production of various industrial intermediates, more advanced engineering goods and finished products, they will find that there is much to learn about the American market. Success in selling to the U.S. will require high standards of design and production and the use of American market facilities or the development of their own marketing facilities here.

Better awareness

These again are problems which can only be solved over a reasonable period of time, but a first major step has been taken in the increasing awareness of their existence.

One of the major obstacles to access to each other's markets is the absence of mutual most-favored-nation treatment of each other's goods. Only Poland among the Eastern European countries receives most-favored-nation treatment from the United States. Other East European countries want similar treatment. Unfortunately, they tend to overstress the practical benefits of MFN treatment and to view it as a panacea to all trade problems with the United States. It is not a panacea.

Many effects

The question of MFN treatment has psychological and political as well as commercial implications for these countries. We recognize that for a number of their present and anticipated export commodities the 1930 tariff rates, which are applicable in the absence of MFN treatment, frequently penalize and may prevent their import by U.S. firms. A successful Kennedy Round would, of course, widen the present gap and make the 1930 rates even more onerous for some items.

The highly-controlled nature of international trading by the various state entities of Eastern Europe and the extensive control of their internal economies prevent their extending through the MFN tariff treatment device meaningful and equivalent non-discriminatory treatment which our extension of MFN treatment would confer on their products. Therefore, the United States would have to look to other commercial areas for benefits which might be equivalent to our extension of MFN tariff treatment.

Existing legislation, however, prevents the President from extending most-fa-

vored-nation tariff treatment to the USSR and the other East European countries, excluding Poland, which already has it.

As part of President Johnson's policy of building bridges to Eastern Europe it was felt that, as conditions permitted, attempts should be made to try to reach agreements with these countries on a broad range of commercial and other questions and that the extension of MFN tariff treatment should be one of the principal elements in such discussions. Last May Secretary Rusk sent to the Congress a legislative proposal for expanding U.S. trade in peaceful goods with the USSR and other Eastern European countries.

Benefits ahead

The proposed East-West Trade Relations Act of 1966 would have provided the President with the authority to negotiate broad commercial agreements with these countries when such agreements would serve the interests of the United States and would have permitted him to extend, for the duration of an agreement, most-favored-nation tariff treatment to Eastern European countries willing to grant equivalent benefits to the United States.

Among the possible benefits which the United States might seek in such commercial agreements are arrangements for protection of industrial property, settlement of commercial disputes, promotion of trade and tourism, trade fairs, trade missions, entry and travel of commercial representatives, most-favored-nation treatment for U.S. products, other arrangements to secure market access and assure fair treatment for United States products, improvement of consular relations, and settlement of claims.

Agreements authorized by the act would have provided for regular consultations. Such periodic review and confrontation procedures could cover not only commercial matters but also relevant aspects of overall relations between the United States and the other country. Both parties to these agreements could benefit significantly from them and the very fact of agreement would materially improve both the commercial and political climate.

Further action

The proposed legislation was introduced in both houses of the Congress but no definitive action was taken during the 89th Congress. In his Oct. 7 speech President Johnson stated that he would press for favorable action by the next Congress.

The several steps which have been taken or which are under consideration to reduce or remove obstacles to East-West trade will assist materially in improving the climate for such trade and in facilitating its increase. But they alone will not increase it.

Participation by U.S. businessmen is necessary. Businessmen must decide whether to engage in export or import trade with these countries, to license their technology, whether in favorable instances to engage in barter transactions.

Our businessmen need not feel they are alone in trading with Eastern Europe. In the last 12 months more than 650 U.S. business firms have received validated export licenses to export goods and technical data to these countries.

Trade outlook

In 1965 Eastern Europe had a total two-way trade of $12.3 billion with the free world—evenly divided between exports and imports. The United Kingdom and Western Europe combined accounted for over $8 billion, or about two-thirds of the total—also evenly divided between imports and exports. West Germany alone accounted for about $1.8 billion or about 15% of the total, while the U.K. accounted for about $940 million or about 8% and France for about $640 million or about 5%.

The United States, the world's largest international trader, accounted for only $277 million or less than 3% of the total—at about the same level of participation as The Netherlands.

On any meaningful basis of comparison this level of U.S.-Eastern European trade is low. However, U.S.-Eastern European trade for the first ten months of 1966 has shown significant improvement. The ten-month total amounted to about $300 million, or $86 million higher than the first ten months of 1965.

Exports were about $152 million and imports about $148 million. Were this rate continued for the remaining four months, the total trade for 1966 would exceed $350 million. This would be the highest level since 1947 except for 1964 which included an unusual export of nearly $180 million worth of wheat. As mentioned earlier, we also believe there is a significant and growing amount of trade, direct and indirect, with these countries in technical data, services, components and equipment which do not show up in our statistics on exports of goods to Eastern Europe.

Increase apparent

So, even in the presence of most of the obstacles I have cited, our total trade with these countries is increasing significantly in relation to past levels.

What then is the outlook for increased trade? The outlook is favorable for at least a modest improvement at this time. If the President obtains the kind of authority he sought in the proposed East-West Trade Relations Act of 1966 and broad commercial agreements are successfully concluded under it, and Eximbank credit guarantees are extended to the USSR, the prospects would improve substantially.

Under such conditions, and assuming that the general East-West climate improves, we might readily see a rise of hundreds of millions of dollars in the total level of U.S.-Eastern European trade, and very likely with significantly more U.S. exports than imports.

Relative importance

However, even a total U.S. trade level of a billion dollars with these countries would represent less than 2% of our current rate of international trade. Nevertheless, such increased trade would be worthwhile to both sides.

Both now and in the future, whether such rises occur will depend very largely on the extent to which U.S. businessmen become further interested in this trade and make the effort necessary to achieve its growth. Through its Washington staff and its Field Offices, the Department of Commerce stands ready to assist our businessmen wherever possible in the promotion of trade in peaceful items with Eastern Europe.

Mission reports on Eastern Europe

A 45-page report of the 1966 U.S. Trade Mission to Bulgaria and Hungary was published in the Dec. 5, 1966, issue of INTERNATIONAL COMMERCE.

The report of the 1965 U.S. Trade Mission to Poland and Romania appeared in the Nov. 15, 1965 issue of which a few copies are still available.

These issues can be obtained for 35 cents apiece from the Publication Sales and Distribution Branch, Office of Administrative Services, U.S. Dept. of Commerce, Washington, D.C. 20230.

The Mission to Bulgaria and Hungary was led by Robert E. Simpson, Director of the Commerce Department's Office of International Regional Economics. The Mission to Poland and Romania was headed by Paul E. Pauly, Director of the Department's Office of International Trade Promotion.

Eighteen companies now on Moscow U.S. Exhibit list

INPRODMASH-67 to feature full line of food processing equipment

Eighteen companies have responded to Government requests to join a U.S. exhibition at an international trade fair on food packaging, transportation and processing equipment—the INPRODMASH 67—to be held in Moscow May 16-29. The U.S. Information Agency is organizing and will manage the U.S. exhibit.

The event will mark the first time the United States has officially participated in an international trade fair in the Soviet Union. According to Soviet announcements, some 16 nations will be represented. Plans include a series of scientific and technical seminars and lectures on food processing and handling.

U.S. participation urged

The American Embassy in Moscow, urging U.S. participation in the Fair, stated the exhibition theme offers opportunity to demonstrate machinery and equipment in a field in which the United States excels. It hopes that U.S. firms will open channels of communication with Soviet Industrial technicians and specialists. U.S. participation will also demonstrate willingness to expand trade between the two countries.

Specialized modern equipment in great demand for modernization of the Soviet food processing industry includes ultrasonic treating equipment; thermal processing tools; synthetic materials for packing, transporting, and storing food products; computer programming units for production and processing control; and the latest in pumps, compressors, and blowers.

Equipment for use in retail food establishments will also be shown at the fair, including: refrigerating machinery; automatic shop machinery and goods delivery equipment; fruit and vegetable storage facilities; and specialized handling equipment for trade and public catering establishments.

Companies wishing more information on INPRODMASH-67 should direct inquiries to Bernard Pollak, Associate Project Director and Industrial Liaison, Exhibits Division, U.S. Information Agency, Washington, D.C. 20547, telephone area code 202, DUdley 3-2866.

RECENT 'E' CEREMONY IN HAWAII honored the Dole Co., as reported in Dec. 19 issue of *International Commerce*. Secretary of Agriculture Orville F. Freeman (l.) signs the award as company president William F. Quinn, former Governor of Hawaii, looks on. Secretary Freeman is wearing a lei of maile leaves, once reserved for Hawaiian royalty. Dole uses multi-lingual recipes to promote its products.

U.S. shows planned for Poznan, Plovdiv, Budapest this year

The United States will sponsor three exhibitions at international trade fairs in Eastern Europe in 1967. They will be at the International Trade Fairs at Budapest, Hungary, May 11-29; Poznan, Poland, June 11-25; and Plovdiv, Bulgaria, Sept. 24-Oct. 3.

The U.S. exhibitions will be essentially the same at all three locations, featuring equipment and devices associated with general construction, construction engineering, and highway traffic safety. While particular emphasis will be given to machinery related to the engineering and construction of highways, multipurpose equipment that can be used in general construction of buildings, dams, mining, etc., will also be eligible for the exhibitions.

Participating companies will be invited to nominate speakers for seminars planned for each show, on various aspects of construction, engineering, and traffic safety.

Companies wishing additional information on participation arrangements should contact George Ashworth, United States Information Agency (ICS/E), Washington, D.C. 20547, or telephone Area Code 202, DUdley 3-4768.

Sudan tightens import controls

Items which may be imported under open license reduced

In an effort to exercise more control over the amounts and types of goods being imported into the Sudan, the Sudanese Government recently announced a new import licensing policy.

The new policy, which became effective Nov. 19, retains both Specific and Open General Licenses for imports. However, the number of items which may be imported under Open General License has been reduced from 324 to 116.

Each application for a specific import license must now represent the importer's requirements of that commodity for a three-month period. Furthermore, each such license issued must be presented to the Bank of Sudan within 30 days from the date of issuance, supported by documents proving the license holder to have actually made commitments to import the specified goods. The Bank of Sudan then authorizes the release of the necessary foreign exchange. Specific licenses not presented to the Bank of Sudan within the 30-day period following issuance will be considered canceled.

Information concerning import duties, taxes and licensing of specific commodities is available from any of the 42 Department of Commerce Field Offices or write to the Africa Division, OIRE, BIC, Department of Commerce, Washington, D.C. 20230.

Korean electronic firm to build, equip plant

Signetics (Korea) Co., Ltd. will construct a plant for the production of integrated electronic circuits to be used in computers, home appliances, and defense equipment. The company is a subsidiary of Signetics Corp. of Sunnyvale, Calif., which in turn is a subsidiary of Corning Glass Works of Corning, New York.

Proceeds of a half-million dollar Export-Import Bank loan will be used to finance dollar costs incurred in building and equipping the new production facility.

Local costs of construction and initial operations will be financed with the help of a local currency loan equivalent to $450,000 which Signetics (Korea) Co., Ltd. has obtained from the Agency for International Development.

The plant will be built near Kimpo International Airport outside Seoul, and is to be operational in April 1967. It is expected to add $1.6 million annually to Korea's foreign exchange earnings, thereby facilitating additional trade.

African network being considered

Feasibility of constructing regional system to be studied

A survey is being undertaken by Checchi & Co. of Washington, D.C., to determine the feasibility of constructing an integrated multi-channel network to connect coastal cities in five West African nations.

The relationship of telecommunications to the economic development of Nigeria, Ivory Coast, Ghana, Togo, and Dahomey will be examined with particular attention on regional possibilities.

Consideration will be given to alternative modes of telecommunications such as microwave, telephone, telex, and data transmission.

This trunk system would connect with the national communications systems of each of the five West African countries. It could also feed into satellite communications ground stations in Lagos and Abidjan which are under consideration by Nigeria and the Ivory Coast. The network would connect the coastal cities of Lagos, Porto Novo, Cotonu, Lome, Accra, and Abidjan.

The study of the international communications needs of these West African nations is being done under a National Aeronautics and Space Administration $90,000 contract financed by the Agency for International Development.

Canada increases sales tax

According to a resolution in the Canadian Supplementary Budget, the federal sales tax has been increased from 11% to 12%. The action took effect Jan. 1.

This increase does not apply to the sales tax on production machinery and equipment, which is being reduced from 11% to 6% in April and eliminated entirely in April 1968. Building materials also are excluded from the increase.

The sales tax is levied on both imports and Canadian-produced goods, and the increase applies to both.

Now Dutch TV has commercials

Time limit for advertising set at 95 minutes a week

Television advertising made its debut on Jan. 2 in the Netherlands. The time devoted to TV commercials has been set at 95 minutes a week. According to a provisional list of rates, a minute's worth of advertising during the evening peak viewing time will cost approximately $4,500. The cheapest rate is fixed at about $1,825.

The system will work on the basis of standard spots of 15, 20, 30, 45, and 60 seconds. Commercials lasting 10 seconds will only be accepted to a limited degree; those lasting longer than a minute will only be featured in very special cases.

Regulations governing TV advertising have been published by the Reclameraad (Advertising Council), a supervisory board for TV and radio advertising. Commercials for medicinal products will be strictly regulated, and no advertising of tobacco products will be permitted this year. The Council is currently debating the question of whether permission should be granted for advertising of alcoholic beverages. No advertising time will be made available for spots aimed at selling any religious, political or other ideals, or for material judged to be detrimental to public order.

Zambia buys locomotives to transport copper, coal

The Government of Zambia will purchase 26 General Electric Co. model U 20 C diesel locomotives, with spare parts and related equipment and services. The new locomotives will be used mainly for hauling copper for shipment from the Angolan port of Lobito and transporting coal from southern Zambia to the copper belt.

Total cost of the transaction is some $7 million. The Export-Import Bank of Washington has made a $5,031,731 credit to Zambia for the purchase.

The locomotives are to be manufactured at Erie, Pa. Delivery in Zambia is scheduled during the period March to July 1967.

As part of its contract, the General Electric Co. will train Zambian personnel at its locomotive shops in the United States, as well as provide technical personnel in Zambia.

Kenya plans $6.7 million project to develop and expand tourism

Financing being assisted by International Finance Corp., in partnership with U.S., U.K., German, Kenyan investors

A $6.7 million project to develop and expand the tourism industry in Kenya is being assisted by the International Finance Corporation (IFC), an affiliate of the World Bank, in partnership with United States, United Kingdom, German and Kenyan investors.

IFC is investing in Kenya Hotel Properties Ltd., a new company establishing an international class hotel in the capital city of Nairobi and participating in the development of tourist facilities in the national game park reserves, Kenya's chief tourist attraction.

The project, together with related investment envisaged under the Kenya Government's 1965-70 Development Plan, will strengthen an industry ranking second only to coffee exports as a source of foreign exchange. This is IFC's first investment in the tourism industry as well as its first in Kenya.

Barclays Overseas Development Corp. Ltd., a subsidiary of Barclays D.C.O.; Commonwealth Development Finance Co. Ltd. (CDFC); and Bamerical International Financial Corp., a subsidiary of Bank of America, N.T. & S.A., are providing approximately $1 million of the total IFC financing of up to $3.2 million. The IFC commitment is in the form of share and loan capital.

The principal sponsor of Kenya Hotel Properties is Pan American World Airways through its subsidiary, Intercontinental Hotels Corp. Other shareholders of the new company are the Development Finance Co. of Kenya and the Kenya Tourist Development Corp., together with Barclays Overseas Development Corp.

New construction

The new Nairobi hotel will cost an estimated $5 million and will have 210 rooms and other facilities, representing about one-quarter of total international class hotel room capacity in Nairobi. Management will be provided by Intercontinental, which has wide experience in operating hotels in the developing countries, where just over one-half of the 32 Intercontinental hotels now in existence are located.

The financial plan for the project provides for funds which would permit Kenya Hotel Properties to invest in Kenya Safari Lodges and Hotels, a new company assigned a major role in the expansion of the tourism industry. Sponsored by the Kenya Tourist Development Corp. in conjunction with the Commonwealth Development Corp. of the U.K. and the Deutsche Entwicklungs Gesellschaft of Germany, the new company will carry out a number of measures to expand tourist accommodation in the game reserve parks. The initial phase of the project consists of the construction of two new lodges in the Tsavo National Park and a beach lodge near Mombasa.

International bidding

International competitive bidding will be held for the planned projects.

The tourism industry has experienced rapid growth in Kenya; the number of visitors, principally from the U.S. and Europe, has increased almost threefold since 1960. The industry's foreign exchange earnings are currently estimated to be in excess of seven million Kenyan pounds ($20 million) annually. With further growth in prospect, the Kenya Government's 1965-70 Development Plan forecasts annual earnings from tourism of approximately K£15 million ($42 million) by 1970. To support the growth of the industry, the plan anticipates a total investment of approximately K£8.7 million ($24.5 million) during this period, principally for expanding and improving tourist facilities, constructing all-weather access roads, and carrying out training programs and wild life protection measures.

IFC's investment in the share capital of Kenya Hotel Properties amounts to K£201,000 ($560,000), together with a contingent commitment of up to $113,000 equivalent. In addition, IFC is making two loans. The first, denominated in U.S. dollars and pounds sterling, amounts to $1,338,000 and £325,700 ($912,000) and will help finance construction of the Nairobi hotel. The second loan, denominated entirely in U.S. dollars, amounts to $280,000 and will finance the loan portion of the investment by Kenya Hotel Properties in the lodge organization.

NEW $5 MILLION HOTEL will be built in Nairobi, capital of Kenya. This international class hotel will have 210 rooms and other facilities to take care of the growing numbers of tourists. View below shows Government Road into which the business district has expanded.

French, German producers seek licensees to make and distribute perfume, furniture

Names and addresses of companies available on request

A French perfume company and a German furniture manufacturer seek U.S. licensees to produce and distribute their products for the U.S. market.

For further details concerning these products and the names and addresses of the manufacturers, write the Office of International Investment, Bureau of International Commerce, Department of Commerce, 874, Washington, D.C. 20230, referring to the appropriate File number assigned each opportunity described below.

A well known French dressmaker and manufacturer of perfumes for both men and women is interested in granting a license to a U.S. firm for the production of perfume.

Payment for the use of the French concern's trade name would be made by lump sum, in addition to royalty payments. The U.S. company should be prepared to deal only with deluxe specialty stores to maintain the reputation of the French firm. Sales territory of the U.S. licensee would be restricted to the United States only; the French company would retain exclusive sales rights for the rest of the world.

According to the French firm, it is the only French perfume manufacturer of high standing that has not made an arrangement with a U.S. company. **File 1472.**

A German manufacturer of specialized furniture items seeks a U.S. licensee to produce serving carts and tables in the United States.

The folding serving cart is made of light steel tubing and features lower and upper plastic trays which are resistant to heat, acid, and scratches. The wheels contain ball bearings to provide light and noiseless mobility. The cart can be folded to a width of only six inches, making it easily stowable; it can be opened by two light finger tip movements. Half opened, the cart can be used as a book or flower stand; fully opened it can be utilized for all practical household uses, including the serving of meals and drinks. The manufacturer says the serving cart is used in hospitals and by doctors and dentists. It is also utilized in offices for transporting files and other material.

The folding table is a three wheeled table made of square steel tubing with a strong plastic adjustable top. The wheels are of a special ball bearing type designed to restrict movement of the table while stationary and allow for easy mobility when the table is moved. Adjustments are made by two hand screws. One releases the top which can be raised from 2′ to 3′3″. By releasing the other screw, the table can be tilted to any required position. When folded, the table has a width of six inches, which allows for easy storage.

Since the table is supported at only one end, the firm claims the table is particularly useful in hospitals for serving meals to bed patients and as a book rest. **File 1473.**

British firm wants license to produce vacuum equipment

A licensing and/or cross-licensing arrangement with a U.S. firm for the manufacture of high vacuum and cryogenic equipment is sought by a British concern.

Since 1950, the English firm has supplied a variety of high vacuum systems and equipment to nuclear facilities, industrial establishments and universities in the U.K. It has acquired broad experience in the fabrication, machining and testing techniques associated with the production of this type of equipment. The firm's facilities contain lathes, milling machines, capstans and boring and grinding machinery.

The company has approximately 200 employees, plus six salesmen covering important centers in the U.K. It could increase the sales force, if necessary.

The British company is associated with two English firms, interested in licenses for the manufacture of heavy plant machinery or small instruments.

To obtain additional information about these opportunities **write:** W. D. M. Ltd., Western Works, Staple Hill, Bristol, England. WTD.

PLASTIC PRODUCTS

A Paris manufacturer of such injected and molded plastic products as toys, kitchenware, perfume dispensers and various household articles seeks a license to manufacture plastic products presently unavailable on the French market.

Established in 1946, the firm operates two plants in France and has about 600 employees. Annual sales of approximately $5 million are reported.

Write: Societe Industrielle de tous Articles Plastiques "SITAP", 20 rue Sainte Croix de la Bretonnerie, 75, Paris 4eme, France. WTD.

TOYS

A license to produce all types of toys except dolls is sought by a French toy manufacturer. The French firm says it is particularly interested in making educational toys.

Established in 1953, the company has 25 employees and 10 salesmen. It reports annual sales of $600,000.

Currently, the firm is the French distributor for a U.S. toy airplane producer and manufactures a children's paint product under a licensing agreement with another U.S. company.

Write: Societe Comano, 33 Avenue Michelet, 94-La Varenne Saint-Hilaire, France. WTD.

Investment Assistance

Firms responding to investment opportunities may wish to inform the Bureau of International Commerce of their action, for follow-up assistance where appropriate. This will insure receipt of additional information as it becomes available.

A (*) following the name of the foreign firm indicates that additional information is available by writing the Department of Commerce (BIC-876), Washington, D.C. 20230.

WTD indicates that a World Trade Directory report containing financial and business background information is available at $2 each from the Department of Commerce (BIC-916), Washington, D.C. 20230.

Special assistance is available to firms interested in joint ventures or licensing agreements abroad. Call Area Code 202, WO 7-4065 or write Department of Commerce (BIC-878), Washington, D.C. 20230.

Ethiopia proposes drug joint venture

Offers all benefits available to new enterprises under decree

Equity participation in the currently inactive Ethiopian Drug Manufacturing Co. is offered to an experienced U.S. manufacturer of pharmaceuticals by the Ethiopian Government which has a substantial interest in the enterprise.

Located in Addis Ababa, the 11,000 sq. ft. plant's laboratory facilities are reportedly the best in Africa outside of the Republic of South Africa. It is professionally equipped with all the manufacturing and laboratory machinery, equipment and instruments essential to modern pharmaceutical manufacturing. Production-line facilities cover tableting, ampuling, bottling of drugs and preparations, and manufacture of ointments.

The firm was established in early 1964 as a joint venture between the Ethiopian Government and a British firm to make generic drugs for hospital packing. Production was sold directly to the Central Medical Stores Corp., an Ethiopian Government purchasing agency, against world-wide tenders without preference. Excess production was sold in the open market through wholesale dealers.

The Ethiopian Government, however, decided that the arrangement resulted in prohibitively high local prices for generic drugs and discontinued protection against import competition. This was particularly stiff from the Eastern bloc. The British firm then abandoned its interest in the venture on the grounds that production without protection was uneconomic.

The Ethiopian Government will extend to any U.S. pharmaceutical manufacturer interested in this proposal all the benefits available to new enterprises under Ethiopia's Investment Decree. It will also give full protection against dumping by foreign producers. In addition, tariff protection and preference in tenders let by the Central Medical Stores Corp. will be granted. These benefits are granted provided that locally produced items are reasonably competitive with imports.

Through its Ministry of Public Health, the Government would also like to explore the possibility of producing veterinary products and insecticides in the existing facility. Veterinary medicine use is reported on the increase in Ethiopia, and large amounts of insecticides, especially DDT, are used in the malaria eradication program.

U.S. pharmaceutical firms interested in obtaining further details concerning this proposal should **write:** Ministry of Public Health, Imperial Ethiopian Government, P.O. Box 1234, Addis Ababa.

Firms responding to the opportunity are requested to send carbon copies of their letters to: Embassy of the United States of America, Crown Prince Asfaw Wossen St., Addis Ababa, Ethiopia. WTD.

Argentine filter manufacturer seeks licensing arrangement

A Buenos Aires manufacturer of automotive air and fuel filters and other automotive parts seeks to produce fuel and air filters under a licensing arrangement with a U.S. firm. The U.S. licensor should be a regular supplier of original equipment to U.S. automobile manufacturers.

The Argentina firm presently operates two facilities in an industrial area of Buenos Aires turning out filter components. A 500 square meter metal stamping plant is equipped with the necessary machinery for making metal parts, while a 400 square meter facility produces cellulose paper filter elements. Equipment at this facility includes ovens for the treating and impregnating of paper and the sealing of caps.

Current monthly production is about 5,000 units and the company plans to increase this figure to 30,000 units per month.

The Argentina firm has approximately 40 employees and claims to be a supplier of original equipment to Chrysler Argentina and Fiat Concord, Argentina.

For additional information about this opportunity interested manufacturing suppliers of original equipment to U.S. automobile manuacturers should **write:** Industrias Famel, S.A.C.I. y F., Varela 3226, Buenos Aires, Argentina. WTD.

FLOOR AND WALL COVERINGS

A French manufacturer of floor and wall coverings seeks a license to make types of floor and wall coverings currently unknown on the French market.

Founded in 1960, the company reports annual sales of about $5 million.

Write: BAT "Application et Revetements Plastiques", Blvd. Garibaldi, 69, Tarare, France. WTD.

Brazilian paint firm seeks joint venture

Offers U.S. firm 50% interest plus percentage of profits

A Brazilian paint manufacturer seeks a joint venture with a U.S. firm.

A U.S. company is asked to supply $180,000 capital investment, plus technical assistance and possibly equipment in return for a 50% interest in the project. The U.S. partner would be offered a percentage of profits based on negotiations between the principals.

The Brazilian firm, founded in 1930, operates a 3,217 square yard facility and has approximately 45 employees. Plant capacity is reportedly 720 metric tons per 8 hour working day.

The company claims there is an increasing demand for paint in the states of Rio Grande do Sul, Santa Catarina and Parana, and that it currently manufactures 10% of the total paint production in the State of Rio Grande do Sul. The firm believes long range prospects are good for exporting paints in an expanded Latin America common market.

U.S. firms interested in exploring this opportunity may wish to familiarize themselves with Brazil's Foreign Investment Law.

An English language copy is available at no charge by requesting "Brazilian Foreign Investment Law," Decree 55762, from OIRE, Bureau of International Commerce, Department of Commerce, Washington, D.C. 20230.

To obtain the name and address of the Brazilian firm, U.S. paint manufacturers should **write:** Office of International Investment, BIC-876, Commerce Department, Washington, D.C. 20230.

SPECIAL GRADE PAPERS

A license to manufacture thin and special grade papers is sought by a French producer of paper pulp and such specialized paper as filter paper.

Established in 1921, the French concern is capitalized at $800,000 and reports annual sales of $7 million. Plant equipment includes four Fourdrinier machines. The company has approximately 350 employees.

Write: Papeterie de Nanterre, S.A., 204 Avenue Jules Quentin, Nanterre (Hauts-de-Seine), France. WTD.

Construction firm in Brazil seeks U.S. technical aid

A large Rio de Janeiro engineering and construction firm proposes a joint venture with an experienced U.S. construction company to engage in highway and building projects.

The Brazilian firm does not ask for direct investment or a partnership, but seeks a technical assistance agreement. Requested of a U.S. company under this arrangement is assistance in project budget planning and execution, technical know-how on construction projects, recommendations on rental of equipment, joint venture construction on certain projects and assistance in other areas of the construction field.

Established in 1927, the Rio de Janiero firm is a member of a group of companies active in the real estate, construction and building materials fields. The firm employs approximately 100 administrative personnel and between 1,000 and 2,000 construction workers. It maintains branch offices and warehouses in several cities and owns a wide variety of construction equipment and vehicles.

The Rio de Janiero company is reported to have built several urban developments and last year completed several school buildings for the government of the State of Guanabara. The company is currently engaged in several construction projects in different areas of Brazil.

U.S. firms interested in exploring this opportunity may wish to familiarize themselves with Brazil's Foreign Investment Law covering the remittance of profits.

An English language copy is available at no charge by requesting "Brazilian Foreign Investment Law, Decree 55762," from OIRE, Bureau of International Commerce, Department of Commerce, Washington, D.C. 20230.

U.S. firms interested in obtaining further information about this opportunity should **write:** Kosmos Engenharia S.A., Rua do Carmo 27, 3° andar, Rio de Janeiro, Brazil. WTD.

INDUCTION FURNACES

A Sydney importer and manufacturer of engineering equipment seeks a license to make low frequency cordless melting furnaces and triple frequency furnaces.

The Australian firm would undertake the manufacture of the furnaces and component parts, subcontracting where necessary due to limited production capacity. The company would also handle the assembly and installation of the finished product.

Established in 1933, the Australian firm represents several U.S. and U.K. manufacturers of industrial equipment. It has 24 employees, plus 10 salesmen.

Write: H. G. Thornthwaite Pty. Ltd., Caltex House, 167 Kent St., Sydney, N.S.W. WTD.

FISH OILS

A joint venture to expand operations is sought by a Spanish firm engaged in fishing and oil processing activities.

Participation by a U.S. firm is requested in the form of machinery and equipment, plus technical assistance. No direct outflow of funds is involved.

The Spanish concern says it controls approximately 80% of domestic production of fish oil, and there is a large national market for its products, plus export possibilities to other countries; there is little competition in its field and no Spanish Government restrictions.

By establishing its processing facilities in a government sponsored industrial center, the firm has been granted fiscal rebates and other incentives by the Spanish Government.

Write: Agrupacion de Fabricantes de Aceites Marinos, S.A., Apartado No. 171, Vigo, Pontevedra, Spain. WTD.

FABRICATED METAL PRODUCTS

A British manufacturer of a wide range of special purpose custom built machinery seeks a licensing arrangement with a U.S. firm.

Established in 1901, the English concern makes cement, paper and fertilizer plants, conveyors, tanks and chemical vacuum filters. It has 200 employees.

Production facilities include wood and pattern shops, a steel fabricating department and assembly shops.

Write: G. P. Banbury Ltd., Factory Lane, Croydon, Surrey, England. WTD.

DISPOSABLE PAPER PRODUCTS

A well established British paper company seeks a license or similar arrangement to manufacture and market in the U.K. such paper products as paper clothing and disposable hospital and household linen.

Established in 1867, the English concern sells to paper wholesalers, converters and industrial firms. It has 12 salesmen operating throughout the U.K.

Write: J. S. Darwen (Successors) Ltd., Darwen House, Columbia Rd., London, E.2, England. WTD.

Korean refrigerator producer looks for technical assistance

Located in Seoul, this leading Korean manufacturer of radio parts and related electronic instruments is currently making household refrigerators on an experimental basis. It seeks a technical assistance arrangement with an experienced U.S. producer of refrigerator compressors.

The Korean firm operates a modern 29,000 square foot plant on a two acre site and has about 110 employees. Its range of electronic products includes speakers, microphones, volume controls and power transformers.

The company currently has technical know-how agreements with two Japanese concerns.

For additional information about this opportunity interested U.S. manufacturers of refrigerator compressors should **write:** The Sam-Mi Enterprise Co. Ltd., 231-1, 2-ka, Songsu-dong, Songtong-ku, Seoul, Korea. WTD.

COSMETICS AND PHARMACEUTICALS

Established in 1903, this independently operated German branch of an Austrian suntan oil and cream manufacturer seeks a license to make cosmetics and/or pharmaceuticals.

The firm currently markets its products in West Germany, Austria, Italy, Holland and Belgium and plans to expand into other areas. Major customers are drug and department stores and wholesalers of cosmetic products. The company recently moved into a new plant in Munich featuring modern bottling facilities. The German concern has 22 employees, plus seven salesmen.

Write: Erste Tiroler Parfuemeriefabrik, Otto Klement, 8 Muenchen 12, Flitsbacherstrasse 6, Germany. WTD.

FABRICATED METAL PRODUCTS

Located near Bordeaux, this French manufacturer of metal shutters, frameworks and gratings seeks a licensing arrangement with a U.S. fabricator of aluminum doors and windows, window frames and light metal alloy partitions and curtains.

The French firm's plant covers about 7,500 square meters and employs approximately 170 people. The company reportedly has adequate warehousing and transportation facilities and a sales organization active throughout France.

Write: Menuiserie Metallique Schaudel, 30 Rue Ferdinand-Buisson; 33-Begles, Gironde, France. WTD.

Spanish firm wants to make freight cars for perishables

A license to manufacture freight cars to transport perishable commodities, both in refrigerated and frozen condition is sought by a large Madrid firm. The license should include production of the cars, plus the necessary refrigerant and refrigeration and freezing equipment.

The type of return is open to negotiation with the U.S. licensor, but it is anticipated that royalty payments would be a satisfactory arrangement.

Established in 1947, the Spanish company manufactures such steel products as water pipe, turbines, cranes, excavators, locomotives, freight and passenger cars. The firm also makes agricultural equipment, bus bodies, and screws and hardware items. It has approximately 4,200 employees, including 53 engineers and 514 specialists.

The Madrid firm operates three plants in Spain with a total area of 347,463 square meters, of which 163,485 square meters are manufacturing facilities. The company also maintains repair shops in several cities and operates a showroom for agricultural equipment and a hardware and appliance store in Valencia. The company's Alcazar de San Juan plant is equipped with modern equipment for the construction of several types of cranes with capacities between three and 200 tons.

The Madrid company believes the constant modernization of Spain's transportation systems, plus the increasing need to efficiently transport perishable products offer a good potential for refrigerated freight cars. A principal customer of the firm is the Spanish National Railway Co.

The firm says it currently has licensing arrangements with several U.S. firms.

To obtain additional information about this opportunity interested U.S. freight car producers should **write:** Material y Construcciones, S.A., Plaza de la Independicia No. 8, Madrid (1), Spain. WTD.

ELECTRICAL PRODUCTS

A British firm of electrical and mechanical engineers seeks a license to manufacture patented electrical and mechanical engineering products.

The British company claims it has the facilities for general engineering and machining works, metal fabrication and the production of transformers and welding cable.

Write: E. J. Haddon (Holdings) Ltd., Field End Rd., Ruislip, Middlesex, England. WTD.

Chances seen in Ecuador for U.S. investment in forest products industries

The UN/FAO Mission in Ecuador has prepared translations of the Supreme Decree No. 1211, the Law of Forestry Concession, and Ministry of Agriculture Decree 219 which delineates areas available for concessions.

U.S. firms interested in investment in forest products industries in Ecuador may obtain copies of these translations by writing to the UN/FAO Mission or to the Direccion General de Fomento Forestal, Ministero de Agriculture y Ganadeia, Quito, Ecuador.

METALWORKING MACHINERY

A British engineering firm seeks a license to manufacture a medium sized hydraulic, electrical or mechanical product, applicable to almost any area of industry.

The firm currently produces such precision engineered products as jigs, tools, dies, and special purpose machinery. It prefers to make a product utilizing its present production facilities and labor force.

The British company claims to have a modern 5,000 square foot plant, plus administrative offices. It has about 40 employees.

Write: Newick Engineering Ltd., Gregory's Mill St., Worcester, England. WTD.

ADVERTISING NOVELTIES

A West German manufacturer of manicure and pedicure sets, surgical instruments and advertising novelties, seeks to expand its production program by obtaining licenses from U.S. firms for the manufacture of novelty advertising gift articles.

The firm requests replies from manufacturers of articles in this category which have either been recently introduced to the U.S. market or which have attained great popularity due to their novelty. This is a small but reputable firm with 25 employees and annual sales of $65,000.

Write: Paul Berger KG., 111-113 Blumenstrasse, 565 Solingen, Germany. WTD.

Dutch firm seeks license to make heavy duty presses

An internationally known Rotterdam manufacturer and exporter of diesel engines, boilers, petrochemical equipment, turbines and heavy machinery is keenly interested in contacting U.S. manufacturers of gas compressors and heavy duty presses. The firm is considering the manufacture of these products under license for distribution in the Netherlands and abroad.

A subsidiary of one of the world's largest ship-building concerns, the firm enjoys an excellent international reputation and is considered a leader in its field in Western Europe.

U.S. manufacturers of gas compressors and heavy duty presses interested in discussing licensing possibilities with the Dutch company should **write:** Machinefabriek IJsselmonde N.V., 29 Oostdijk, Rotterdam 27, the Netherlands. WTD.

ICE MAKING MACHINERY

Located about 30 miles south of Oslo, this Norwegian manufacturer of power lawn mowers, snow blowers, and kitchen ventilators seeks a license to produce ice cube making equipment for restaurants and taverns.

The firm's manufacturing facilities reportedly have a floor area of about 110,000 sq. ft. and ample electricity and manpower are available.

Current annual production of power lawn mowers is between 30,000 and 40,000 units, of which 85% are exported, principally to Europe. Other products are made on a smaller scale. The firm has approximately 130 employees.

The company says it has a well-developed sales organization covering the entire Norwegian market and is very active in exports.

Write: A/S Norsk Lettmetall, Askim, Norway. WTD.

CONCRETE BUILDING PARTS

A Sicilian company planning to establish a plant in Palermo to manufacture building parts, sections and panels in reinforced concrete for prefab and ready cut buildings, not sold as complete units, seeks to make these products under U. S. license. Such buildings would include apartment houses, industrial facilities and schools.

The Palermo firm plans to market its products in Sicily.

Write: Dott. Ing. Auerlio D'Amore, ISPE S.p.A., Via Mariano Stabile 182/A, Palermo, Italy. WTD.

World Trade Opportunities

Sewerage project feasibility study bids wanted by Cyprus

The Director-General, Ministry of the Interior, Nicosia, has invited bids on the preparation of a Master Plan & Feasibility Study for a new sewerage project for Greater Nicosia, including Nicosia proper and its nine suburbs.

Consultants wishing to undertake this study should submit their quotations (which should be all-inclusive) by Jan. 31, to the Director-General. Separate quotations should be given with respect to the proposed Feasibility Study & Master Plan and the preparation of detailed plans, specifications, and contract documents for the whole project or for a phased implementation thereof. The feasibility study will include all engineering, economic, and administrative aspects.

A preliminary report has been prepared regarding this project by Mr. E. Balasha, a consultant of the World Health Organization. The Planning Commission has agreed that the Feasibility Study & Master Plan should be prepared in accordance with the recommendations and scope of work proposed by Mr. Balasha. Further information and copies of the above preliminary report may be obtained from the Director-General.

A copy of the preliminary report and the covering note may be reviewed by interested U.S. firms in the office of the Water Industries and Engineering Services Division, Rm. 4111, U.S. Department of Commerce, Washington, D.C. No copies are available for loan.

Jamaica plans to purchase telephone, telegraph equipment

The Jamaica Telephone Co. plans to request bids in late January or February for the supply of telephone exchanges with capacities from 400 lines to 7000 lines, cordless switchboards for international and special service communications, and a 100-line teletypewriter exchange. Although the preferred switching is common control based on crossbar or electronic techniques with multi-frequency signaling junction routes, equivalent equipment will be considered.

U.S. manufacturers interested in bidding should apply to the Managing Director, the Jamaica Telephone Co., 47 Halfway Tree Rd., Kingston 5, stating experience and giving general information on their types of equipment.

Honduras plans expansion of water and sewer systems

The Municipalidad de San Pedro Sula, Honduras, has issued a bid for engineering and architectural services for the expansion and improvement of the city's potable water, sewage, and rain sewer systems.

The bid deadline is Jan. 30.

Additional information and plans may be obtained from the Departamento de Ingenieria Municipal, San Pedro Sula, for $26. Correspondence is preferred in Spanish.

U.S. DEPARTMENT OF COMMERCE—FIELD OFFICES

ALBUQUERQUE, N. MEX., 87101, U.S. Courthouse. Area Code 505 Tel. 247-0311.

ANCHORAGE, ALASKA, 99501, 306 Loussac-Sogn Building. Area Code 907 Tel. 272-6331.

ATLANTA, GA., 30303, 4th Floor, Home Savings Building, 75 Forsyth St., N.W. Area Code 404 Tel. 526-6000.

BALTIMORE, MD., 21202, 305 U.S. Customhouse, Gay and Lombard Sts. Area Code 301 Tel. Plaza 2-8460.

BIRMINGHAM, ALA., 35205, Suite 200-201, 908 South 20th St. Area Code 205 Tel. 325-3327.

BOSTON, MASS., 02203, Room 510, John Fitzgerald Kennedy Federal Bldg. Area Code 617 Tel. CA 3-2312

BUFFALO, N.Y., 14203, 504 Federal Building, 117 Ellicott St. Area Code 716 Tel. 842-3208.

CHARLESTON, S. C., 29403, Federal Building—Suite 631, 334 Meeting St. Area Code 803 Tel. 747-4171.

CHARLESTON, W. VA., 25301, 3002 New Federal Office Building, 500 Quarrier St. Area Code 304 Tel. 343-6196.

CHEYENNE, WYO., 82001, 6022 Federal Building, 2120 Capitol Ave. Area Code 307 Tel. 634-5920.

CHICAGO, ILL., 60604, 1486 New Federal Building, 219 South Dearborn St. Area Code 312 Tel. 353-4400.

CINCINNATI, OHIO, 45202, 8028 Federal Office Building, 550 Main St. Area Code 513 Tel. 684-2944.

CLEVELAND, OHIO, 44101, 4th Floor, Federal Reserve Bank Building, East 6th St. and Superior Ave. Area Code 216 Tel. 241-7900.

DALLAS, TEX., 75202, Room 1200, 1114 Commerce St. Area Code 214 Tel. Riverside 9-3287.

DENVER, COLO., 80202, 16407 Federal Building, 20th and Stout Sts. Area Code 303 Tel. 297-3246.

DES MOINES, IOWA, 50309, 1216 Paramount Building, 509 Grand Ave. Area Code 515 Tel. 284-4222.

DETROIT, MICH., 48226, 445 Federal Building. Area Code 313 Tel. 226-6088.

GREENSBORO, N. C., 27402, 412 U.S. Post Office Building. Area Code 919 Tel. 275-9111.

HARTFORD, CONN., 06103, 18 Asylum St. Area Code 203 Tel. 244-3530.

HONOLULU, HAWAII, 96813, 202 International Savings Building, 1022 Bethel St. Tel. 588-977.

HOUSTON, TEX., 77002, 5102 Federal Building, 515 Rusk Ave. Area Code 713 Tel. 228-0411.

JACKSONVILLE, FLA., 32202, 512 Greenleaf Building, 208 Laura St. Area Code 904 Tel. 354-7111.

KANSAS CITY, MO., 64106, Room 2011, 911 Walnut St. Area Code 816 Tel. Ft 4-3141.

LOS ANGELES, CALIF., 90015, Room 450, Western Pacific Building, 1031 South Broadway. Area Code 213 Tel. 688-2833.

MEMPHIS, TENN., 38103, 345 Federal Office Building, 167 North Main St. Area Code 901 Tel. 534-3214.

MIAMI, FLA., 33130, 928 Federal Office Building, 51 S.W. First Ave. Area Code 305 Tel. 350-5267.

MILWAUKEE, WIS., 53203, Straus Building, 238 West Wisconsin Ave. Area Code 414 Tel. BR 2-8600.

MINNEAPOLIS, MINN., 55401, 306 Federal Building, 110 South Fourth St. Area Code 612 Tel. 334-2133.

NEW ORLEANS, LA., 70130, 909 Federal Office Building, South, 610 South St. Area Code 504 Tel. 527-6546.

NEW YORK, N. Y., 10001, 61st Floor, Empire State Building, 350 Fifth Ave. Area Code 212 Tel. Longacre 3-3377.

PHILADELPHIA, PA., 19107, Jefferson Building, 1015 Chestnut St. Area Code 215 Tel. 597-2850.

PHOENIX, ARIZ., 85025, 5413 New Federal Building, 230 North First Ave. Area Code 602 Tel. 261-3285.

PITTSBURGH, PA., 15222, 2201 Federal Building, 1000 Liberty Ave. Area Code 412 Tel. 644-2850.

PORTLAND, OREG., 97204, 217 Old U.S. Courthouse, 520 S.W. Morrison St. Area Code 503 Tel. 226-3361.

RENO, NEV., 89502, 3028 Federal Building, 300 South St. Area Code 702 Tel. 784-5203.

RICHMOND, VA., 23240, 2105 Federal Building, 400 North 8th St. Area Code 703 Tel. 649-3611.

ST. LOUIS, MO., 63103, 2511 Federal Building, 1520 Market St. Area Code 314 Tel. MA 2-4243.

SALT LAKE CITY, UTAH, 84111, 3235 Federal Building, 125 South State St. Area Code 801 Tel. 524-5116.

SAN FRANCISCO, CALIF., 94102, Federal Building, Box 36013, 450 Golden Gate Ave. Area Code 415 Tel. 556-5864.

SANTURCE, P. R., 00907, Room 628, 608 Condado Ave. Phone: 723-4640.

SAVANNAH, GA., 31402, 235 U.S. Courthouse and Post Office Building, 125-29 Bull St. Area Code 912 Tel. 232-4321.

SEATTLE, WASH., 98104, 809 Federal Office Building, 909 First Ave. Area Code 206 Tel. 583-5615.

Burma wants bids on mowers, portable chain saws

The Chairman, Public Works Corp., No. 60 Shwedagon Pagoda Rd., Rangoon, Burma, has issued Tender No. 3Q/PWC(M)66-67, with a bid deadline of Jan. 16, for four three-gang mowers, approximately seven ft. wide, cutting assembly about 10″ diam. x 30″ long, with height of cut adjustable from ⅝″ to 3½″, lever-operated lifting gear, drawbars and towing devices for towing by tractor, also various spares, tool kits, operating and service manuals, hydraulic lifting device; and four portable chain saws driven by gasoline engine and fitted with approximately 30″ cutter bar, essential tools and servicing equipment, spare parts, and operating and service manuals.

A copy of the tender is available on loan basis to firms located in the United States from the Consumer Durables Division, BDSA-548, U.S. Department of Commerce, Washington, D.C. 20230 (Telephone: 202-WO 7-2923).

Late Leads—Information received too late to be of value to bidders is published because many readers will find it of value in follow-up campaigns to sell complementary products and subsidiary services. Sometimes a cable to an agent on the scene will result in tie-in sales.

Iceland bids announced for metal building and roofing for NATO

Iceland Prime Contractor, with offices at 271 Church St., New York 10013, has issued further invitations to bid for NATO Infrastructure International Competitive Bidding (ICB) project titled: "Phase I and II, POL Facility . . . Hvalfjordur, Iceland." The deadline for the submission of bids for items 406 through 408 inclusive as detailed in Bill of Materials A-94, and items 451 through 454 as detailed in Bill of Materials A-95, is Jan. 24. U.S. firms certified eligible to participate in NATO-ICB are invited to submit their bids to the Iceland Prime Contractor by the deadline date.

Bill of Materials A-94 calls for the supply of three complete prefabricated metal buildings designed in accordance with the Metal Building Manufacturer's Assoc's "Recommended Design Practices Manual" dated 1959. The buildings will be used as a "fire Pump House" (size 700SF, 36′ 11″ x 19′ 0″ with a 14′ eave height); a "Hose Storage Shed" (size 360SF, 7′ 6″ x 45′ 0″ with a 9′ 0″ eave height); and a "Stripper Pumphouse" (sixe not given).

Bill of Materials A-95 calls for one lot of protected metal roofing for an administration building (a net total of 1340 square ft. and smaller quantities of flashing, etc.; one lot of metal roofing for a generator and boiler building (a net total of 5100 square ft.); and two, one lot each, of protected metal roofing for buildings identified as "West and East Transfer Pumphouse" (a net total of 810 square ft. each).

A copy of each of the Invitations to Bid may be obtained on loan from the U.S. Department of Commerce's Trade Opportunities Staff, BDSA-624, Washington, D.C. 20230. Information about NATO certification may be obtained from the Staff also.

New Trade Lists

The Bureau of International Commerce has published the following new trade lists of which mimeographed copies may be obtained by firms domiciled in the United States from BIC-916, U.S. Department of Commerce, Washington, D.C. 20230, and from Department of Commerce Field Offices. The price is $1 a list for each country. All are dated December.

Clothing—Manufacturers—Denmark.
Clothing—Manufacturers—Thailand.
Cooperage and Containers—Importers and Dealers—Federal Republic of Germany and West Berlin.
Dairy Producers—Italy.
Furniture—Importers and Dealers—Costa Rica.

The firms and individuals in the following lists are interested in trade relations with U.S. businessmen. The commodities in which they have expressed interest are indicated by the numbers preceding the commodity classification. These numbers refer to the Standard Industrial Classification (SIC) Manual, which is available for $2.50 a copy from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Every effort is made to include only firms or individuals with good reputations. However, the Department of Commerce cannot be responsible for any resultant trade relations.

The listing in INTERNATIONAL COMMERCE of opportunities to trade in specific commodities and technical data does not necessarily imply approval of their export by the U.S. Department of Commerce pursuant to the U.S. Export Control Act. For applicable export licensing regulations and policies, see the Comprehensive Export Schedule or consult the Bureau of International Commerce's Office of Export Control or any Department of Commerce Field Office.

- indicates that the trade opportunity represents a request for bids by a foreign government agency. A (★) following indicates that additional information may be borrowed by firms located in the U.S. from the Business and Defense Services Administration (BDSA), U.S. Department of Commerce, Washington, D.C. 20230; telephone numbers indicated. To avoid delay, requests for loan material should specify country and commodity.

★★ indicates opportunities obtained by U.S. trade missions to other countries. A (★) following these indicates that additional information may be obtained by writing the Trade Opportunities Staff, BDSA-624, U.S. Department of Commerce, Washington, D.C. 20230. The TM (trade mission) number is requested in correspondence. Requests for loan material should specify country and TM number.

WTD indicates that a World Trade Directory report is available on the foreign firm for which the trade opportunity is listed. These reports, indicating type of organization, sales territory, size of business, sales volume, trade and financial reputation, and other factors, are available for $2 each from the Bureau of International Commerce, BIC-916, U.S. Department of Commerce, Rm. 6059B. Telephone: 202-WO 7-4203. The date following the letters WTD refers to the date of issuance of the report. If WTD is in preparation, action will be completed on a priority basis upon receipt of request specifically identifying the trade opportunity involved.

Sales Leads for Exporters

Listed below are companies interested in buying U.S. products. Direct purchases are wanted unless a desire for an agency agreement is expressed.

011 Field crop farms

ITALY—Agricultural, garden seeds, bulbs, plants. Dott. A. Ingegnoli, S.p.A. (wholesaler, retailer), Via Arenula 48, Roma. WTD 5/25/66.

Water melon seeds, lawn seeds. Sgaravatti-Egis S.p.A. (grower, exporter), 317 Via Cavour, Rome. WTD 5/27/66.

201 Meat products

NETHERLANDS—Canned meat specialties, such as corned beef hash, roastbeef hash, chili con carne, chicken cacciatori, meat balls, Beef Stroganoff, beef stew, spaghetti sauce, pizza sauce. Direct purchase and agency. N.V. Levensmiddelen Organisatie E.O. (retailer), 45 Stadhouderslaan, Utrecht. WTD in preparation.

203 Canning, preserving foods

NETHERLANDS—Canned fruits, such as peaches, pears, pineapple, apricots, fruit cocktail, fruits for salad, sweet cherries apple sauce, apple-butter. Canned vegetables, such as peas (all grades), carrots (diced), green beans, (whole and French cut), mixed vegetables, beets, beetroot in vinegar, lima beans, spinach, sauerkraut, canned tomatoes (peeled), canned tomatoes with okra and onions, whole kernel corn, creamed corn, tomato puree, tomato sauce, catsup, chili sauce, seafood sauce. Direct purchase agency. N.V. Levensmiddelen Organisatie E.O. (retailer) 45 Stadhouderslaan, Utrecht. WTD in preparation.

Shrimps, crabs, salmons. Heidema & Van der Ploeg N.V. (importer, exporter), 52 Dorpsstraat, Zoutkamp. WTD 8/23/66.

204 Grain mill products

HONDURAS—Starches for use in self-service laundry; month to month direct purchases. Sr. Eduardo Bueso, Lavandería Lavamatic (laundry services), 8 Ave. No. O., San Pedro Sula. WTD in preparation.

221 Broad woven fabric mills, cotton

AUSTRIA—Denims for jeans. Buecking-Dreinaht Ges.m.b.H. & Co., KG (manufacturer, exporter), Waidhofnerstrasse 34, A-3300 Amstetten/NOe. WTD 12/1/66.

Plushes and cotton-man made fiber blended materials for manufacture of rain coats. "Madison", Dujsik & Co. (manufacturer), Margaretenstrasse 65, A-1051 Vienna. WTD 12/1/66.

222 Broad woven fabric mills, manmade fiber and silk

AUSTRIA—Manmade fabrics for fine ladies' lingerie, brassieres, foundation garments, and particularly for ladies' swim suits and beach wear. "Anita" Hermine Anna Vonwald (manufacturer), Neustiftgasse 3, A-1070 Vienna. WTD 6/22/66.

ENGLAND—Fiber-glass material by the yard, suitable drapes. Direct purchase, agency and/or sole distribution rights. M & J Bancroft & Sons Ltd. (wholesaler), 25 Beethoven St., London, W.10. WTD 12/14/66.

224 Narrow fabrics, small-wares mills

NETHERLANDS—Cotton, nylon, silk ribbons for manufacture of inked ribbons for typewriters, adding machines, cash registers. H. van Gimborn N.V. (importer, manufacturer, exporter), 17 Spoorwegstraat, Zevenaar. WTD 5/16/66.

225 Knitting mills

AUSTRIA—Knit or tricot fabrics for fine ladies' lingerie, foundation garments, swim wear. "Anita" Hermine Anna Volwald (manufacturer), Neustiftgasse 3, A-1070 Vienna. WTD 6/22/66.

FRANCE—Bathing suits, beachwear, made in knitting mills. Direct purchase and agent. Requests replies in French. Interfactor (importer, dealer agent), 132, Rue du Faubourg St-Denis, Paris, 10. WTD 2/10/66.

226 Dyeing, finishing textiles

AUSTRIA—Basic textile manufactures for hotel and restaurant trade, such as table linen, bed linen, other textile cloth used in catering trade. "Dornbirn-Textil" Dr. Kraus-Ingrisch (importer, wholesaler), Tuchlauben 15, A-1011 Vienna. WTD 6/22/66.

NETHERLANDS—Polyton (TM) Multicolored, textured yarns (space dyed) for carpet, upholstery, knitting industry. Agency or distributorship. A. Hoogmolen N.V. (importer, exporter, agent), 82a Goirkestraat, Tilburg. WTD 12/13/66.

229 Textile goods

AUSTRIA—New pure wool worsted clippings from garment manufacturers, assorted according to color (blue, black, grey, brown, other). New clippings from overcoat manufacturers also assorted. Manmade fiber clippings from knitting mills. Direct purchase and agency. Albert Hannemann (importer, exporter, manufacturers agent), Laurenzerberg 1, Postfach 115, A111 Vienna. WTD 12/15/65.

ENGLAND—Towels, household, mainly ja-

quard and printed designs. L. Deyong & Co. Ltd. (importer), 40/42 Middlesex St., London, E.1. WTD 12/13/66.

FRANCE—Expanded vinyl sheets on knitted support, all types of flexible plastic sheets, imitation leather, imitation suede. Direct purchase and agency. Société Dofan (manufacturer, dealer), 14, Place Jacques Bonsergent, Paris, 10. WTD 8/22/66.

NETHERLANDS—All types of fabrics (piece goods) for ladies' outerwear. Samples, price lists requested. Direct purchase and exclusive representation. Biet-Joachimsthal N.V. (importer), 101-103 Geldersekade, Amsterdam. WTD 7/28/66.

Artificial leather for industrial use, such as furniture upholstery. Direct purchase and agency. Kon. Leder en Drijfriemenfabriek M.B. Regouin (manufacturer, importer), Cuyk a.d. Maas. WTD 6/23/66.

All types of textiles, especially those made of "teteron". Direct purchase and/or agency. Miltex N.V. (importer, exporter), 10 Willem II Singel, Roermond. WTD 12/13/66.

231 Men's, youths', boys' suits, coats, overcoats

FRANCE—Men's and boys' sport clothing. Requests replies in French. Direct purchase and agency. Interfactor (importer, dealer, agent), 132 Rue du Faubourg St-Denis, Paris, 10. WTD 2/10/66.

232 Men's, youths', boys' furnishings

FRANCE—Men's and boys' bathing suits, sports shirts. Request replies in French. Direct purchase and agency. Interfactor (importer, dealer, agent), 132, Rue du Faubourg St-Denis, Paris, 10. WTD 2/10/66.

233 Women's, misses', juniors' outerwear

FRANCE—Women's and misses' dresses, ensemble dresses, skirts, beachwear, bathing suits. Direct purchase and agency. Requests replies in French. Interfactor (importer, dealer, agent), 132 Rue du Faubourg St-Denis, Paris, 10. WTD 2/10/66.

238 Apparel, accessories

FRANCE—Rubberized fabric raincoats; waterproof outer garments made from pliofilm and cellophane. Direct purchase and agency. Requests replies in French. Interfactor (importer, dealer, agent), 132, Rue du Faubourg St-Denis, Paris, 10. WTD 2/10/66.

NETHERLANDS—Leather, especially suede, sheepskin and other soft leathers of various qualities, prices for manufacture of men's, ladies' clothing. C. Dammann N.V. (importer, manufacturer), 210 c Oostzeedijk, Rotterdam. WTD 12/7/66.

239 Fabricated textile products

ENGLAND—Ready-made slipcovers in stretch materials. Direct purchase, agency, and/or sole distribution rights. M & J Bancroft & Sons Ltd. (wholesaler), 25 Beethoven St., London, W.10. WTD 12/14/66.

GERMANY—Draperies of cotton, linen, wool, staple and manmade fibers for interior decoration of living rooms. Requests price quotations with patterns c.i.f. Rotterdam. Requests replies in German. August Vankann, Raumausstattung (importer, retailer), 62 Rheinstrasse, 415 Krefeld. WTD 12/8/66.

240 Lumber, wood products

TRINIDAD—Red Cedar, sprung-board, S4S, groove and tongue, 10' to 20', dressed. Direct purchase and agency. S. P. Musson, Son & Co. (Trinidad) Ltd. (importers, wholesalers, commission merchants), 3-5 Broadway, Port of Spain. WTD 9/14/66.

241 Logging camps, logging contractors

NETHERLANDS—Whitewood poles to support young fruit trees. Direct purchase and agency. A.C. Deckers, 18 Julianalaan, Tiel. WTD 8/24/66.

242 Sawmills, planing mills

GERMANY—Lumber, pitch-pine, red-pine, red-wood, hemlock, North Carolina-pine. Requests replies in German. Emil Schumacher (wholesaler), P.O. Box 1307, 5238 Hachenburg, Westerwald. WTD 12/5/66.

249 Wood products

NETHERLANDS—Specialties in field of wooden pallets. Direct purchase and/or agency. Exclusive representation required. N.V. Houthandel v/h William Pont (importer, wholesaler), 1 Badhuisweg, Zaandam. WTD 8/4/66.

251 Household furniture

GERMANY—Wood living room furniture, cabinets and sectional furniture, of mahogany, maple etc. Requests price quotations, descriptive material c.i.f. Rotterdam. Requests replies in German. August Vankann, Raumausstattung (importer, retailer), 62 Rheinstrasse, 415 Krefeld. WTD 12/8/66.

264 Converted paper, paperboard products

GERMANY—Table napkins, other paper products for use in restaurants, hotels. Requests replies with price quotations c.i.f. German or Dutch ports. Direct purchase and agency. Requests replies in German. Franz J. Hantermann (distributor, importer), 9 'sHeerenbergerstrasse, 4241 Emmerich-Vrasselt. WTD 12/5/66.

ITALY—Paper bed sheets or sheeting, paper clothing, furniture. Direct purchase or agency. O.P.A. (commission agent), 51 Via XX Settembre, Palermo. WTD 12/9/66.

265 Paperboard containers, boxes

THE NETHERLANDS—Plastic packing materials such as containers, barrels and related products, specialties in field of plastic pallets. Direct purchase and/or agency. Exclusive representation required. N.V. Houthandel v/h William Pont (importer, wholesaler), 1 Badhuisweg, Zaandam. WTD 8/4/66.

273 Books

AUSTRALIA—Books on care, training, breeding of dogs, cats. Direct purchase and agency. Elite Supply Co. (importer, exporter, wholesaler), 230 Brunswick St., Fitzroy, Victoria. WTD 4/22/66.

NETHERLANDS—Textbooks for practical use of foreign languages; complete courses, such as textbooks combined with phonograph records or magnetic recording tapes; dictionaries (also multilingual) and dictionaries for professional use. Direct purchase and/or agency. Exclusive representation required. Intertaal N.V. (importer, wholesaler, retailer), 150 van Baerlestraat, Amsterdam. WTD 8/8/66.

275 Commercial printing

UGANDA—Equipment for printing by silk screening. Wireless Service Co. Ltd. (importer), P.O. Box 376, Kampala. WTD 8/8/66.

281 Industrial chemicals

● **BURMA**—Oil well drilling mud chemicals: "C.M.C." Macobar "Magco" 4000 cwt, packed in 56-lb. four-ply kraft paper bags; sodium acid pyrosphosphate, deflocculent, 300 GWT, packed in 50 kg sacks of durable jute polyethylene; soda ash (dense sodium carbonate) 99/100%, 100 CWT, packed in two cwt single jute bags. Tender No. 1(T) Chem. POI/EXP (66-67), bid deadline Jan. 16, 1967. Marketing Manager, People's Oil Industry, 604 Merchant St., Rangoon, Burma.★ (Telephone: 202-WO 7-2067).

● **CEYLON**—Aluminum sulfate, 250 long tons kibbled or flaked, minimum 17% Al_2O_3, maximum 0.2% Fe_2O_3 and 0.15% insoluble matter. Packed in new jute bags or multiply kraft paper bags. Chairman, Eastern Paper Mills Corp., P.O. Box 1367, 35/35A, McCarthy Rd., Colombo 7. Tender should be c.i.f. Colombo/Trincomalee ex. Wharf Colombo/Trincomalee and ex. Paper Factory Siding, Valaichchenai and should be priced in pounds sterling or in Ceylon currency per long ton of 2240 lb. Deliverable as follows: 75 tons—May, 1967; 75 tons—July, 1967; 100 tons—Sept., 1967. Bid deadline Jan. 26.★ (Telephone: 202-WO 7-2008).

ENGLAND—Importer, wholesaler of calcium carbide having good connections with large engineers and foundries, seeks new product or products in similar field. Agency and direct purchase. Turners Carbides Ltd., 58 De Grey St., Hull, Yorkshire. WTD 12/13/66.

● **IRAQ**—Ammonium sulfate, 720,000 lb. having the following chemical analysis: aluminum oxide as Al_2O_3 Wt. %, 14.5-17.5, Iron oxide Fe_2O_3 Wt. %, 0.8 Max., insoluble matter Wt. %, 0.5 Max., arsenic as P.P.M. 10 Max. Material to be packed in single new jute bags of 224 lb. net. Tender No. 39/66, bid deadline Jan. 24. Directorate General Government Oil Refineries Administration, Ministry of Oil, Baghdad. Terms and specifications may be obtained from issuing authority at $2.80 per set.

NETHERLANDS—Aerosol sprays for domestic use, such as for automobile, other maintenance purposes. Direct purchase and agency. Kon. Leder en Drijfriemenfabriek M.B. Regouin (manufacturer, importer), Cuyk a.d. Maas. WTD 6/23/66.

● **TAIWAN**—Anhydrous disodium phosphate, Na_2HPO_4, 20,000 lb., packed in six-ply paper and one polyethylene inner bag of 50 lb. net. Tender No. GF,C-25975(L). Bid deadline Jan. 17.★ (Telephone: 202-WO 7-2008).

282 Synthetic materials

FRANCE—Raw materials, all kinds, such as synthetic resins, plastics materials, for electronics industry. Consortium International Pharmaceutique et Chimique (importer), 9, Rue Lincoln, Paris, 8eme. WTD in preparation.

Vinyl chloride sheets, plain, grained or printed. Direct purchase and agency. Societe Dofan (manufacturer, dealer), 14. Place Jacques Bonsergent, Paris, 10. WTD 8/22/66.

NETHERLANDS—All types of synthetic yarns for carpet, upholstery, knitting industry. Agency or distributorship. A. Hoogmolen N.V. (importer, exporter, agent), 82a Goirkestraat, Tilburg. WTD 12/13/66.

Off-grade polyethylene (granular) and polystyrene, high and medium impact; other raw materials for plastic industry. Chemoplast N.V. (importer, exporter), 20 C Beerninckstraat (or P.O. Box 31), Mijdrecht. WTD 8/2/66.

283 Drugs

FRANCE—Chemicals, raw materials for pharmaceutical industry, all types. Consortium International Pharmaceutique et Chimique (importer), 9, Rue Lincoln, Paris, 8ème. WTD in preparation.

New products for pharmaceutical use. Direct purchase and agency. Laboratoires du Docteur E. Bouchara (manufacturer, exporter, importer), 8, Rue Pastourelle, Paris, 3eme. WTD 4/5/66.

TRINIDAD, W.I.—Insulin Lente. Direct purchase and agency. Modern Supplies (importer, commission merchant), 55 Dundonald St., Port of Spain. WTD 7/18/66.

284 Soaps, detergents, cleaning preparations, perfumes, cosmetics

GERMANY—Automobile polishes, waxes. Request replies with price quotations c.i.f. German or Dutch ports. Requests replies in German. Althaus & Vogt GmbH. (distributor, importer), 167-169 Harpener Hellweg, 463 Bochum-Harpen. WTD 12/1/66.

HONDURAS—Laundry detergents for use in self-service laundry; month to month direct purchases. Sr. Eduardo Bueso, Lavandería Lavamatic (laundry service), 8 Ave. N.O., San Pedro Sula. WTD in preparation.

NETHERLANDS—Cleaning preparations for household use, automobile maintenance, service stations, household pesticides, cosmetics. Direct purchase and agency. Kon. Leder en Drijfriemenfabriek M.B. Regouin (manufacturer, importer), Cuyk a.d. Maas. WTD 6/23/66.

PANAMA—Toilet water, perfumes, colognes, talcum, toilet and face powder, lipstick, rouges. La Victoria (importer, wholesaler, retailer), S.A., P.O. Box 1280, Panama, R. P. WTD 12/16/66.

287 Agricultural chemicals

SUDAN—D.D.T. 25% w/v miscible oil maximum 1,142,800 imperial gallons. Dimethoate, 32% maximum 202,200 imperial gallons or torbidan (D.D.T., toxaphene and methyl parathion), maximum 628,500 imperial gallons. Sudan Gezira Board reserves right to allocate above quantities to more than one bidder. Tenders should be submitted to cover for D.D.T 300,000, 450,000, 700,000, 900,000, and 1,142,800 gallons; for Dimethoate 70,000, 90,000, 160,000, 202,200 gallons; and for Torbidan, 60,000, 120,000, 500,000, and 628,500 gallons. Insecticides to be packed in 40/45 gallon drums (offers should be made for returnable and non-returnable drums). Deliverable on or before June 30, 1967 to Ghorashi Ginning Factories siding. Bids marked INSECTICIDE TENDER should be addressed to the Assistant General Manager (supplies), Sudan Gezira Board, Barakat, Sudan. Bid deadline noon, Jan. 30.★ (Telephone: 202 WO 7-3910).

289 Chemical products

FRANCE—Wall-primers and sealers; waterproofing and insulating compounds; interior and exterior wall-finishes; anti-hydro wall-coatings and related products for building industry. Direct purchase and agency. S.A.A.T. (Société Anonyme d'Applications Techniques) (dealers, sales agents), 9 Allees des Soupirs; 31- Toulouse, Haute-Garonne. WTD 5/31/66.

301 Tires, tubes

● **HONG KONG**—Tires, 2700, various types and sizes; inner tubes, 750, various types and sizes. Tender No. Stores C/52/58/67, bid deadline Jan. 20. Secretary, Tender Board, Colonial Secretariat, Government Offices, Lower Albert Rd. Copies of tender available on loan from Rubber, Leather and Allied Products Division, BDSA (556), U.S. Department of Commerce, Washington, D.C. 20230. Telephone: 202-WO 7-3381.

306 Fabricated rubber products

FRANCE—Vulcanized rubber clothing. Direct purchase and agency. Requests replies in French. Interfactor (importer, dealer, agent), 132, Rue du Faubourg St-Denis, Paris, 10. WTD 2/10/66.

NETHERLANDS—Rubber driving belts for machines. Direct purchase and agency. Kon. Leder en Drijfriemenfabriek M.B. Regouin (manufacturer, importer), Cuyk a.d. Maas. WTD 6/23/66.

307 Plastics products

UGANDA—Translucent plastic sheets of 1/16", 1/8", 1/4" thickness in various colors. Wireless Service Co. Ltd. (importer), P.O. Box 376, Kampala. WTD 8/3/66.

311 Leather, tanning, finishing

NETHERLANDS—Chamois leather, harness leather, leather driving beltings, round leather beltings, other industrial leather transmission belting, related leather products. Direct purchase and agency. Kon. Leder en Drijfriemenfabriek M.B. Regouin (importer, manufacturer), Cuyk a.d. Maas. WTD 6/23/66.

313 Boot, shoe cut stock, findings

NETHERLANDS—Shoe weltings. Direct purchase and agency. Kon. Leder en Drijfriemenfabriek M.B. Regouin (manufacturer, importer), Cuyk a.d. Maas. WTD 6/23/66.

315 Leather gloves, mittens

NETHERLANDS—Leather work gloves, specialized leather working clothes. Direct purchase and agency. Kon. Leder en Drijfriemenfabriek M.B. Regouin (manufacturer, importer), Cuyk a.d. Maas. WTD 6/23/66.

317 Handbags, personal leather goods

FRANCE—Small leather articles: jewelry cases, key cases, coin purses, etc. Requests replies in French. Benz & Cie (mail order house), 16, Boulevard Ste Agathe, Nice (06). WTD 11/14/66.

319 Leather goods

AUSTRALIA—Jeweled collars, leads for dogs, cats; show leads for dogs. Direct purchase and agency. Elite Supply Co. (importer, exporter, wholesaler), 230 Brunswick St., Fitzroy, Victoria. WTD 4/22/66.

321 Flat glass

ETHIOPIA—Window glass 3 to 6 mm thick (about 1/8" to 1/4"); total amount desired, about 3,000 to 4,000 square meters (about 32,000 to 43,000 square ft. A. Besse & Co. (Eth.) Ltd. (importer), P.O. Box 1897, Addis Ababa, Attn: Special Projects Office. WTD 9/24/65.

322 Glass, glassware

AUSTRALIA—Perfumery bottles, large quantities, all sizes. Direct purchase and agency. Emmo Pty. Ltd. (importer, wholesaler), 155 Castlereagh St., Sydney, N.S.W. WTD 5/5/66.

ENGLAND—Automatically produced glassware for domestic use. Agency and/or direct purchase. Universal Agencies Ltd. (importer, sales agent), Bristol House, 19/20 Holborn Viaduct, London, E.C.1. WTD 12/14/66.

PANAMA—Glassware, enamelware, crystalware. La Victoria (importer, wholesaler, retailer), S. A., P. O. Box 1280, Panama, R. P. WTD 12/16/66.

329 Abrasive, asbestos, nonmetallic mineral products

THE NETHERLANDS—Thermal, acoustical insulation materials for building industry, such as board and tile, glass wool and other insulation products. Especially interested in latest developments. Exclusive agency representation required. Price lists and descriptive literature desired. Industriele Handelsonderneming H.J. REGTUIT N.V. (importer, manufacturer, sales agent), 180 Engerinksweg (or P.O. Box 389), Enschede. WTD 10/26/66.

331 Steel mill products

ETHIOPIA—Deformed iron bars, 6 mm to 35 mm (about 1/4" to 1 1/4") diameter, 1,500 to 2,000 tons. A. Besse & Co. (Eth.) Ltd. (importer), P.O. Box 1897, Addis Ababa, Attn: Special Projects Office. WTD 9/24/65.

342 Cutlery, handtools, general hardware

FRANCE—Marine hardware, accessories, supplies; all categories of related marine articles for utilization on sailboats, motor-boats, pleasure crafts. Requests replies in French. Couach, S.A. (manufacturer), 125 Boulevard de la Plage, 33- Arcachon, Gironde. WTD 12/16/66.

● **UGANDA**—Quotations invited for supply of miscellaneous building supply items, hardware, ironmongery, porcelain bathroom fixtures, stainless steel sinks, etc. Tender No. E/1/67-8, bid deadline noon, Jan. 23. Chief Supplies Officer, Ministry of Works, Communications & Housing, P.O. Box 98, Entebbe.★ (Telephone: 202-WO 7-3601).

344 Fabricated structural metal products

● **BURMA**—Supply of one 50,000 gallon oil storage tank. Tender No. 24(T)/CONST-POI/DD(66-67), bid deadline March 1, 1967. Procurement Manager, People's Oil Industry, P.O. Box No. 1049, 604 Merchant St., Rangoon.★ (Telephone: 202-WO 7-4241).

● **TURKEY**—Supply of one artificial gas storage tank, capacity 60,000 cubic meters to hold a mixture of coal gas, generator gas and water gas. Low pressure, water seal type. To be charged through pressure reduction from high pressure charging, discharge pressure to be min. at 500 mm. Water gauge. Project includes supply of materials and equipment, design and construction of foundations, tank, regulator station and other appurtenant structure and turn-key delivery of facility. Bid deadline Feb. 10, 1967, EGO Isletmesi Genel Mudurlugu, Ankara. Tender documents are available from Modern Translation Bureau, Menekse Sokak 20/7 Kizilay, Anarka for $24 including airmail charge.

346 Metal stampings

GERMANY—Teflon coated cooking and roasting kitchen utensils including cooking pots, casseroles, frying pans of special alloys and of stainless steel for households. Requests price quotation c.i.f. European ports. M. Westermann & Co. (importer, manufacturer, exporter), 205 Bahnhofstrasse, Postfach 674, 576 Neheim-Huesten. WTD 12/19/66.

347 Coating, engraving, services

UGANDA—Engraving, etching equipment for use on plastic plates. Wireless Service Co. Ltd. (importer), P.O. Box 376, Kampala. WTD 8/3/66.

349 Fabricated metal products

AUSTRALIA—Perfumery sprays (these are metal sprays designed to fit on bottles, usually in form of a screw top). Direct purchase and agency. Emmo Pty. Ltd. (importer, wholesaler), 155 Castlereagh St., Sydney, N.S.W. WTD 5/5/66.

351 Engines, turbines

● **GREECE**—Supply, erection and commissioning of a gas turbine generator power plant, comprising one unit of 10 to 13 MW or two units 5 to 6.5 MW, 50 cycle. Tender No. DMPM-364, Public Power Corp. (DEH), 30 Chalkokondyli St., Athens 102. Attn: Purchasing Dept.★ (Telephone: 202-WO 7-4241).

NETHERLANDS—Outboard motors. Exclusive sales rights on an outright basis; high-quality and well-known American brand required. S. Joosten N.V. (importer, wholesaler), 14 Joan Muyskenweg (P.O. Box 829), Amsterdam. WTD 12/9/66.

352 Farm machinery

BELGIUM—Lawn mowers. Gebroeders Jacobs (importer, wholesaler, retailer), 14 Herbergstraat, Moorsel, Aalst. WTD 12/13/66.

ENGLAND—Grain drying, storage, handling equipment. Henry Woods (Agricultural) Ltd. (manufacturer), 45 Crouch St., Colchester, Essex. WTD 12/14/66.

FRANCE—Equipment, accessories for domestic poultry and game production. Direct purchase and agency. Union Franco-Suisse (importer, dealer), 107, Rue Edouard-Isambard, Pacy-sur-Eure (27). WTD in preparation.

GUATEMALA—Feeders, laying nests, waterers, graders (egg), grain silos, incubators, allied equipment. Request replies in Spanish. Incubadora Imperial (poultry breeder), 32 Calle 6-10, Zona 11, Guatemala City, Guatemala, C.A. WTD 12/13/66.

ITALY—Motor or hand operated lawn mowers. Sgaravatti-Egis S.p.A. (exporter, grower), Via Cavour 317, Roma. WTD 5/27/66.

Gardening machines, implements. Dott A. Ingegnoli, S.p.A. (wholesaler, retailer), 48 Via Arenula, Rome. WTD 5/25/66.

VENEZUELA—Agricultural implements, machinery. Yela, S.A. (importer, manufacturer, sales agent), Apartado 11367 de Chacao, Caracas. WTD 12/9/66.

353 Construction, mining, materials handling machinery

● **BURMA**—Four full revolving mobile cranes, six-ton lift capacity, diesel powered, cable operated or alternate hydraulic operated units; 24 platform-builders hoists, 20/30 cwt lift capacity, diesel powered, working height up to 100'. Maintenance spare parts for two years operation, each quotation. Tender No. E24(T)PWC(M)66-67, bid deadline Feb. 14. Chairman, Public Works Corp., No. 60 Shwedagon Pagoda Rd., Rangoon.★ (Telephone: 202-WO 7-5566).

● One rotary drilling machine (reverse circulation); should be a complete, truck mounted unit supplied with all drilling rigs, tools, pipes, bits and accessories. Must be suitable for water well exploration drilling for large diameter holes—sizes from 12" to 36" diameter up to 600'. One rotary vane or piston type compressor fully equipped with suitable air receiver, oil separator, safety valve, automatic pressure control, oil cooler, oil filter, air filter, pressure gauges, etc. The receiver to be able to withstand 125/psig (min) and hydraulically tested to 170 psi, fitted with suitable drain cork, one inlet plug and two ¾" outlets. One agriculture type tractor fitted with independent power take-off system. It must also be suitable for general towing of trailer mounted equipments to worksites. All standard instruments and gauges to be fitted on panel including hourmeter. Head and tail lamps to be fitted as standard. Tender No. E23(T)-PWC(M)66-67, bid deadline Feb. 14. Chairman, Public Works Corp., No. 60, Shwedagon Pagoda Rd., Rangoon.★ (Telephone: 202-WO 7-5566).

● **INDIA**—40 wagon drills, heavy duty type, pneumatically operated, for sustained high speed drilling in any position. Drill to be mounted on pneumatic swivel wheels for line drilling work and suitable for drilling 2½"-3½" bore holes up to 50' depth. Tender No. 1033/Beas/PR/56/46/D-244, bid deadline Feb. 8. Chief Purchase Officer, Beas Purchase Organization, Talwara Township, Dist. Hoshiarpur, Punjab. Documents available free of charge from India Supply Mission (Ref: D/ENQ/2175), 2536 Massachusetts Ave., NW., Washington, D.C. 20008.

NETHERLANDS—Specialties in field of metal pallets. Direct purchase and/or agency. Exclusive representation required. N.V. Houthandel v/h William Pont (importer, wholesaler), 1 Badhuisweg, Zaandam. WTD 8/4/66.

● **TAIWAN**—One self-propelled pneumatic tired (five front, six rear) compactor. Not less than 8,200 lb. unballasted nor 27,000 lb. with full ballast. Tender No. GF3B-26001, bid deadline Jan. 20. Central Trust of China, Purchasing Dept., 49 Wuchang St., Sec. 1, Taipei.★ (Telephone: 202-WO 7-5566).

354 Metalworking machinery

NETHERLANDS—Carbon steel taps and dies (Whitworth, BSW, BSF, NC, NF, BA, BSP, BSPT, NPT, API and metric threads). Price lists, descriptive literature requested. Direct purchase and agency. Goods are destinated for firm's subsidiary, Witt & Busch Ltd., P.O. Box 17, Lagos, Nigeria. Offers should be made to Indisch-Afrikaansche Compagnie N.V. which will pay for shipments made from U.S. to subsidiary in Nigeria. Indisch-Afrikaanse Compagnie N.V. (importing distributor, agent), 693 Keizersgracht, Amsterdam. WTD 6/22/66.

SOUTH AFRICA—Welding equipment, gas or electric, capable of building up worn crankshafts, especially of heavy duty cast steel, as used in commercial diesel engines of European manufacture. R. Wheatley (general engineer, welder), 18 Farewell St., Durban, Natal. WTD 12/14/66.

● **SUDAN**—Grinding machine; double ended, fitted with 8" x 1¼" x 2" bore grinding wheels. Contract No. 3633, bid deadline Jan. 24. Office of Controller of Stores, Sudan Railways, Atbara.★ (Telephone: 202-WO 7-2723).

355 Special industry machinery

BRAZIL—Short-run offiset equipment. Direct purchase and agency. Silvimex Importadora Exportadora Ltda. (wholesaler, representative), Avenida Almirante Barroso 97, 10° andar, sala 1003, Rio de Janeiro ZC-P, Estado da Guanabara. WTD 12/6/66.

ECUADOR—Hydrogenation machinery, auxiliary equipment, for processing of vegetable oils, animal fats, to amplify output of large plant presently producing edible oils, vegetable lards, laundry and hand soaps, cottonseed oil, candles. Catalogs requested with offers. Quotations f.o.b. and c.i.f., Guayaquil, Ecuador. Patrico Alvarez Drouet(manufacturer), Gerente General, Industrias Ales C.A., P.O. Box 3079, Quito, Ecuador. WTD 9/25/66.

GUATEMALA—Processing equipment for dehydration of eggs to obtain powdered eggs. Requests replies in Spanish. Incubadora Imperial (poultry breeder), 32 Calle 6-10, Zona 11, Guatemala City, Guatemala, C.A. WTD 12/13/66.

● **IRAQ**—Large quantities of composing room equipment including leads, furniture, and type faces in several fonts. Tender No. 61/66, bid deadline Jan. 12. Central Foreign Purchasing Board, Ministry of Finance, Baghdad, Iraq.★ (Telephone: 202-WO 7-4115).

NETHERLANDS—All types of bakery machinery. Direct purchase and/or agency. Handelsonderneming & Agenturenhandel Raymond Neuhof (importer, exporter wholesaler, agent), Wolkammersdreef 61 or P.O. Box 307. Maastricht. WTD 12/13/66.

SOUTH AFRICA—Woodworking, box-making machinery. Boxes & Timber Products (Pty.) Ltd. (manufacturer), P.O. Box 93, Parow, Cape Province. WTD in preparation.

Pre-boarding and post-boarding machine for pressing, finishing of men's socks, especially nylon socks. Escombe Manufacturers Ltd. (manufacturer), P.O. Box 50, Escombe, Natal. WTD 12/15/66.

SUDAN—Full manufacturing equipment for ice cream production. Required capacity of package plant for ice cream and sherbets 150-200 liters per hour in form of cones, cubes, bars, cartons. Technical advice, erection requested. Agabani Enterprises (importer), P.O. Box 1525, Khartoum. WTD 12/29/65.

356 General industrial machinery

VENEZUELA — Water pumps, hydraulic equipment, accessories for water supply and sewage installations. Request replies in Spanish. Lor Hidroequip, S.R.L. (importer, distributor), El Peaje No. 8, Caracas, or Apartado 10018, Caracas. WTD 10/10/66.

357 Office, computing, accounting machines

TRINIDAD—Photocopying machines, addressing machines, postage meter machines. Direct purchase and agency. Eric Solis Ltd. (importer, wholesaler and retailer), 41 Dundonald St., Port-of-Spain. WTD 9/27/66.

358 Service industry machines

BELGIUM—Industrial vacuum cleaners, floor scrubbing machines. Gebroeders Jacobs (importer, wholesaler, retailer), 14 Herbergstraat, Moorsel, Aalst. WTD 12/13/66.

GERMANY—Air humidifiers and air dehumidifiers for industrial and household air conditioning equipment. Requests price quotations c.i.f. Rotterdam. Request replies in German. Alfred Kaut & Co., Elektrizitaets-Gesellschaft

(importer, wholesaler), 33-35 Tannenbergstrasse, 56 Wuppertal-Elberfeld. WTD 12/14/66.

QATAR—Complete air conditioning units for domestic, commercial, industrial use. From ten-ton to 100-ton units, air or water cooled. Direct purchase. Gulf Electrical Materials Co. (importer, wholesaler), P.O. Box 157, Doha, Qatar. WTD 9/12/65.

SENEGAL—Domestic and commercial type air-conditioners. Primarily interested in Dakar market. Request replies in French. Baraderie Freres, Km 2-3 Route de Rufisque—B.P. 2081 Dakar. WTD in preparation.

SOUTH AFRICA—Prefabricated cold rooms. M. Berger & Co. (Pty.) Ltd. (building engineer), P.O. Box 151, Paarden Eiland, Cape Province. WTD in preparation.

TRINIDAD—Commercial, institutional gas cookers. Direct purchase and agency. Scott Furnishing Co., Ltd. (importers, wholesalers, retailers), 30 Park and 44 Pembroke Sts., Port-of-Spain. WTD 12/8/66.

361 Electric transmission, distribution equipment

● **ECUADOR**—Supply of materials and erection of distribution network, street and other public lighting. Assistance in financing project required. Bid deadline Jan. 24; correspondence preferred in Spanish. Copies of specifications available at $15, plus $5 air mail postage per copy from Secretaria del Concejo Antonio Ante, Atuntaqui, Ecuador.

FRANCE—Electric impulse meters, electric time switches. Direct purchase and agency. Coupatan (Societe Industrielle de Constructions Electro-Horlogeres) (manufacturer, dealer), 41, Rue d'Elbeuf, Rouen (76). WTD 4/14/66.

362 Electrical industrial apparatus

● **BURMA**—Approximately 100,000 running feet of welding electrodes, various sizes and grade. Tender No. 4/T/EL/ESB/66-67, bid deadline Jan. 31. Controller of Central Stores Dept., Ahlone, Electricity Supply Board, Rangoon.★. (Telephone: 202-WO 7-2723).

FRANCE—Motor boat reversing controls or switches and marine engine automation systems of new types for speed-boats, vedettes, pleasure crafts. Requests replies in French. Couach, S.A. (manufacturer), 125 Boulevard de la Plage, 33- Arcachon, Gironde. WTD 12/15/66.

Delay relays, timers for industrial use, electrical synchronous timers. Direct purchase and agency. Coupatan (Societe Industrielle de Constructions Electro-Horlogeres) (manufacturer, dealer), 41, Rue d'Elbeuf, Rouen (76). WTD 4/14/66.

TRINIDAD—Industrial fans for use in air-conditioning contracting. Direct purchase and agency. Thomas Peake & Co., Ltd. (importer, retailer and sales agent), 74-76 Henry St., Port-of-Spain. WTD 7/13/66.

363 Household appliances

ENGLAND—Household, kitchen items in aluminum and stainless steel; particularly items such as hand fruit juicers. Universal Agencies Ltd. (importer, sales agent), Bristol House, 19/20 Holborn Viaduct, London, E.C.1. WTD 12/14/66.

Used domestic, industrial sewing machines. Agency and direct purchase. Alfred Shad Sewing Machine Co., Ltd. (importer, exporter), 50 Berwick St., London, W.1. WTD 12/13/66.

PANAMA—Small electric household appliances. La Victoria (importer, wholesaler, retailer). S. A., P. O. Box 1280, Panama, R. P. WTD 12/16/66.

364 Electric lighting, wiring equipment

● **BURMA**—Supply of miscellaneous steel conduit and tumbler switches. Tender No. 4(T)/EL-POI/DD(66-67), bid deadline Feb. 10. The Procurement Manager, People's Oil Industry, P.O. Box No. 1049, 604 Merchant St., Rangoon.★ (Telephone: 202-WO 7-4241).

Supply of miscellaneous electrical equipment and supplies including lamps and steel conduit. Tender No. 5(T)/EL-POI/DD(66-67), bid deadline Feb. 10. The Procurement Manager, People's Oil Industry, P.O. Box No. 1049, 604 Merchant St., Rangoon.★ (Telephone: 202-WO 7-4241).

Late Leads—Information received too late to be of value to bidders is published because many readers will find it of value in follow-up campaigns to sell complementary products and subsidiary services. Sometimes a cable to an agent on the scene will result in tie-in sales.

---

365 Radio, television receiving sets

NETHERLANDS—Courses for practical use of foreign languages on phonographic records and/or magnetic recording tapes. Direct purchase and/or agency. Exclusive representation required. Intertaal N.V. (importer, wholesaler, retailer), 150 van Baerlestraat, Amsterdam. WTD 8/8/66.

366 Communication equipment

ITALY—Sonar equipment, instruments for fishing research and experiment, particularly tuna sonic tag tracking systems for shipboard use. Centro Sperimentale per l'Industria della Pesca e dei Prodotti del Mare, 6 Via Onorato, Palermo. WTD 12/13/66.

NETHERLANDS—Personnel locator radio installations. Direct purchase and agency. Rotterdamse Telecommunicatie Maatschappij N.V. (importer, wholesaler, manufacturer, exporter, agent), P.O. Box 1177 or 17-19 Delftsestraat, Rotterdam. WTD 12/2/66.

367 Electronic components, accessories

FRANCE—Radio, television receiving type parts, accessories. Societe "Recta" (importer, dealer), 37, Avenue Ledru-Rollin, Paris, 12. WTD 4/22/66.

Electronic time switches (cold cathode); electronic timers. Direct purchase and agency. Coupatan (Societe Industrielle de Constructions Electro-Horlogeres), 41, Rue d'Elbeuf, Rouen (76).

371 Motor vehicles, motor vehicle equipment

FRANCE—Special freight motor trucks, trailers. Direct purchase and agency. Societe Albi (manufacturer, importer, dealer), 178 bis, Rue de Paris, Pantin (93). WTD 5/27/66.

NETHERLANDS — Automotive accessories. Exclusive representation. N. V. Handel Maatschappij Cytex (importer), 311 Singel, Amsterdam. WTD 7/29/66.

Automobile accessories, non technical. Direct purchase and agency. Kon. Leder en Drijfriemenfabriek M.B. Regouin, Cuyk a.d. Maas. WTD 6/23/66.

372 Aircraft parts

NETHERLANDS—Aircraft cable. Direct purchase. Exclusive representation required. Technische Handelsonderneming Romal (importer, wholesaler, exporter), 12 Plompetorengracht, Utrecht. WTD 12/12/66.

374 Railroad equipment

● **SYRIA**—Two light covered railroad cars to be used on inspection tours. Bid deadline Jan. 14. Chemins de Fer Syriens, Service des Constructions, Enquete No. 30, P.O. Box 1565, Aleppo, Syrian Arab Republic. General specifications of the railroad cars available from Rm. 4314, Transportation Equipment Division, BDSA-596, U.S. Department of Commerce, Washington, D.C. 20230.

379 Transportation equipment

VENEZUELA—Trailers for farm tractors. Yela, S.A. (importer, manufacturer, sales agent), Apartado 11367 de Chacao, Caracas. WTD 12/9/66.

Axles and wheels for pushcarts, industrial carts, trailers, wheelbarrows. Yela, S.A. (importer, manufacturer, sales agent), Apartado 11367 de Chacao, Caracas. WTD 12/9/66.

381 Engineering, laboratory, scientific, research instruments

FRANCE—Automatic analyzing instruments, for industry and laboratories. Direct purchase and agency. Recomat S.A., Regulation Controle Automation (importer, dealer), 42, Rue Guy Moquet, Paris, 17. WTD 2/7/66.

382 Instruments for measuring controlling, indicating, physical characteristics

ENGLAND—Instrumentation generally, but in particular for indication and control of liquids. Direct purchase and agency. Bayham Ltd. (manufacturer, exporter), Rutherford Rd., Daneshill Industrial Estate, Basingstoke, Hampshire. WTD 12/13/66.

FRANCE—Atmosphere thermostats. Direct purchase and agency. Coupatan (Societe Industrielle de Constructions Electro-Horlogeres) (manufacturer, dealer), 41, Rue d'Elbeuf, Rouen (76). WTD 4/14/66.

ITALY—Instrument for measuring sea current from vessel in motion. Centro Sperimentale per l'Industria della Pesca e dei Prodotti del Mare, 6 Via Onorato, Palermo. WTD 12/13/66.

Equipment, instruments for fishing research and experiment. Particularly interested in new products. Centro Sperimentale per l'Industria della Pesca e dei Prodotti del Mare, 6 Via Onorato, Palermo. WTD 12/13/66.

384 Surgical, medical, dental equipment

FRANCE—Disposable hypodermic syringes and needles, plastic and others, for surgery, medicinal, dental uses. Direct purchase and agency. Chirurgie-France (sales agents, dealers), 24 Allees Francois-Verdier; 31-Toulouse, Haute-Garonne. WTD 12/16/66.

TRINIDAD—Absorbent lint for surgical dressings. Direct purchase and agency. Modern Supplies (importer and commission merchant), 55 Dundonald St., Port of Spain. WTD 7/18/66.

387 Watches, clocks, clockwork operated devices, parts

FRANCE—Electric timers. Direct purchase and agency. Coupatan (Societe Industrielle

de Constructions Electro-Horlogeres) (manufacturer, dealer), 41, Rue d'Elbeuf, Rouen (76). WTD 4/14/66.

394 Toys, amusement, sporting goods

PANAMA—All types of toys (dolls, tea sets, toy pistols, cars, costumes, etc). La Victoria (importer, wholesaler, retailer), S.A., P.O. Box 1280, Panama, R.P. WTD 12/16/66.

399 Manufacturing industries

GERMANY—Equipment of all sorts for fire departments and fire fighting for air raid protection, factory plants. Requests replies with price quotations c.i.f. German or Dutch ports. Requests replies in German. Henkel-Werk Carl Henkel (manufacturer, distributor, importer), 48 Herforderstrasse, 48 Bielefeld. WTD 1/8/65.

NETHERLANDS—All types of advertising novelties. Direct purchase and/or agency. Handelsonderneming & Agenturenhandel Raymond Neuhof, Wolkammersdreef 61 or P.O. Box 307, Maastricht. WTD 12/13/66.

509 Wholesalers

ENGLAND—Non-ferrous scrap of all kinds, metal bearing residues. Brookside Metal Co. Ltd. (manufacturer, exporter, importer), By-Pass Rd., Watford, Hertfordshire. WTD 12/9/66.

ITALY—Ferrous and non ferrous metal scrap such as scrap iron, steel, copper, lead, aluminum, bronze, brass, zinc, nickel etc. Alfonso Griguoli (importer), Corso Europa 22, Milan. WTD 10/21/66.

Sales Representation

The firms listed below are interested in representing U.S. firms in the areas indicated. Exclusive distributorship for these commodities is wanted only if specified.

201 Meat products

FRANCE—Canned pork, beef, poultry preparations, excluding liver pâtés. Camille Tabar et Cie (importer, dealer, agent), 10, Place des Victoires, Paris, 2ème. WTD in preparation.

202 Dairy products

FRANCE—Canned milk powder for grocery sale. Camille Tabar et Cie (importer, dealer, agent), 10, Place des Victoires, Paris, 2ème. WTD in preparation.

203 Canning, preserving foods

FRANCE—Fish, excluding sardines and tunafish; soups; baby foods; pulse; apricot juice, lemon juice, grapefruit juice. Camille Tabar & Cie (importer, dealer, agent), 10, Place des Victoires, Paris, 2ème. WTD in preparation.

GERMANY—Canned fruits, vegetables, mushrooms. Requests replies with price quotations c.i.f. German or Dutch ports. Bruno Hartung GmbH. & Co. K.G. (agent), 16 Karlplatz, 4 Duesseldorf. WTD 12/7/66.

220 Textile mill products

SOUTH AFRICA—Textile piece goods (cotton materials and synthetic fabrics) for men's and women's clothing industry; requests replies from mills or their sole export houses only. J. Bock & Son (Pty.) Ltd. (manufacturers' agent), P.O. Box 2038, Cape Town, Cape Province. WTD 1/27/66.

222 Broad woven fabric mills, manmade fiber, silk

REPUBLIC OF SOUTH AFRICA—Upholstery materials, mainly synthetic mixtures, popularly priced for volume business. J. Bock & Son (Pty.) Ltd. (manufacturers' agent), P.O. Box 2038, Cape Town, Cape Province. WTD 1/27/66.

228 Yarn, thread mills

SOUTH AFRICA—Synthetic yarns for knitting industry. J. Bock & Son (Pty.) Ltd. (manufacturers' agent), P.O. Box 2038, Cape Town, Cape Province. WTD 1/27/66.

239 Fabricated textile products

FRANCE—Artificial, synthetic blankets; cotton bedsheets (9' in length, finished, minimum); hand-towels and other categories of household linen and textile products, primarily low-priced articles. Price lists and descriptive literature requested. Requests replies in French. Jean Breton (sales agent), 2 Rue Roger Ducasse, 33- Cauderan-Bordeaux, Gironde. WTD 9/16/65.

SOUTH AFRICA—All types of men's and women's hat findings and trimmings, particularly hat bodies (cones and capelines) of wool felt or fur felt, cotton buckram, cotton net in the piece, organza trimming fabric. A. Blomson (manufacturers' agent), P.O. Box 3920, Cape Town, Cape Province. WTD 2/16/66.

262 Paper mills

COLOMBIA—Paper, cardboard, and all other kinds of paper. Exclusive agency. Gonzalez & Carne Ltda. (manufacturers' representative), Apartado Aereo (P.O. Box) 1727, Barranquilla. WTD 12/12/66.

281 Industrial chemicals

COLOMBIA—Caustic soda 96/98% rayon grade, soda ash, soda sulphate anhydrous. Exclusive agency. Gonzalez & Carne Ltda. (manufacturers' representative), Apartado Aereo (P.O. Box) 1727, Barranquilla. WTD 12/12/66.

Ammonia anhydrous in steel cylinders for use in ice plants. Exclusive agency. Gonzalez & Carne Ltda. (manufacturers' representative), Apartado Aereo (P.O. Box) 1727, Barranquilla. WTD 12/12/66.

342 Cutlery, handtools, general hardware

AUSTRALIA—Household hardware, including electrical fittings, furniture, wall systems, kitchen, general furniture hardware, tools. S. J. Talley Pty. Ltd. (manufacturers' representative, importer, wholesaler), Box 1702, G.P.O., Sydney, N.S.W. WTD 12/13/66.

353 Construction, mining, materials handling machinery

KOREA—Mining machinery and equipment, machinery for iron and steel works, foundries, non-ferrous metal producers (smelters and refineries), and metal-working plants (brass and ingot makers, cable-works, brass and copper sheet and wire manufacturers). E. Klestadt (offer agent), Rm. 620 Haenam Bldg., 70-5, 2-ka, Taepyung-ro, Chung-ku, Seoul. WTD in preparation.

355 Special industry machinery

FRANCE—Food products machinery, for preparation of juices, powders, jams, etc. Requests replies in French. Les Appareils Ramm (manufacturer, dealer), 39, Rue de Liege, Paris, 8eme. WTD 7/7/65.

358 Service industry machines

MOZAMBIQUE—Air conditioners, packaged, *not* window units. Boror Comercial, S.A.R.L. (commission agent, importer), P.O. Box 4, Lourenco Marques, Mozambique, Africa. WTD in preparation.

SOUTH AFRICA—Electric water coolers, bottle type; ice cube machines. Gen Spares & Electrical Co. (manufacturers' agent), P.O. Box 128, Cape Town, Cape Province. WTD in preparation.

361 Electric transmission, distribution equipment

SOUTH AFRICA—Spectrum analyzers for testing H.F. single sideband transmitters. Electrolink (Pty.) Ltd. (manufacturers' agent), P.O. Box 1223, Cape Town, Cape Province. WTD 9/10/65.

366 Communication equipment

AUSTRALIA—Anti-burglar and anti-pilferage systems, devices; automatic cut-off apparatus. S. J. Talley Pty. Ltd. (manufacturers' representatives, importers, wholesalers), Box 1702, G.P.O. Sydney, N.S.W. WTD 12/13/66.

367 Electronic components, accessories

GERMANY—Electronic (micro) components. Intermatic-Ingenieurbuero Hans W. Schemm, 60 Lagerstrasse, 8031 Muenchen-Puchheim. WTD 12/16/66.

371 Motor vehicles, motor vehicle equipment

COLOMBIA—Automotive replacement parts and accessories including rings, pinion gears, carburetors and repair kits, fuel systems, connecting rods, tie rods, drag links. Exclusive agency. Gonzalez & Carne Ltda. (manufacturers' representative), Apartado Aereo (P.O. Box) 1727, Barranquilla. WTD 12/12/66.

382 Instruments for measuring, controlling, indicating physical characteristics

GERMANY—Material testing equipment. Intermatic-Ingenieurbuero Hans W. Schemm, 60 Lagerstrasse, 8031 Muenchen-Puchheim. WTD 12/16/66.

Leads for Importers

Commodities are offered direct unless specified

208 Beverage industries

FRANCE—Bordeaux table wines in wooden

casks (55 and 225 liters) and vintage wines, red and white, in 75-centiliter glass bottles. Wholesale exportation, direct or through well-established U.S. agents. Henri Moreau & Cie., S.A. (wholesalers, exporters), 29 Rue Borie; 33- Bordeaux, Gironde. WTD 12/20/66.

229 Textile goods

AUSTRIA—Pure wool combers waste (noils). Albert Hannemann (importer, exporter, manufacturers' agent), Laurenzerberg 1, Postfach 115, A-1011 Vienna. WTD 12/15/65.

233 Women's, misses', juniors' outerwear

GIBRALTAR—Indian saris. Viroomal & Co. Ltd. (importer, exporter), 29 City Mill Lane. WTD 12/31/66.

242 Sawmills, planing mills

BRAZIL—Brazilian hardwoods, sawed or in logs, all sizes; direct sale or through well-established agents. Caravelas Comercio e Exportacao Ltda. (exporter, wholesaler), Caixa Postal 866, or Rua Sete de Setembro 148, sala 8, Vitória, Estado do Espírito Santo. WTD 5/19/66.

352 Farm machinery

FRANCE—Plow-shares, harrow-discs, coulters, cultivator-attachments, related farm machinery, principally discs of all types for agricultural uses. Catalogs, price lists mailed upon request. Forges de Niaux (manufacturer, exporter), 09—Niaux, par Tarascon, Ariège. WTD 11/30/66.

373 Ship building, repairing

FRANCE—Sail and motor-boats (trade name "Arcoa") of various types, for sports and pleasure (wood and polyester hull), ranging in length from 16′ to 36′, capacity from two to six persons; equipped with fixed or non-fixed auxiliary power; with outboard motors; or with marine engines (4 H.P. and over). Descriptive leaflets available on loan from the Trade Opportunities Staff, BDSA-624, Department of Commerce, Washington, D.C. 20230. Direct sale or preferably through well-established U.S. agent. Couach, S.A. (manufacturers, builders), 125 Boulevard de la Plage, 33- Arcachon, Gironde. WTD 12/15/66.

399 Manufacturing industries

GIBRALTAR—Ivory carvings, coral carvings, hardstone carvings, cultured pearls. Viroomal & Co. Ltd. (importer, exporter), 29 City Mill Lane. WTD 12/13/66.

SENEGAL—Little bronze masks hand made at Baoule (Ivory Coast) for decorating (walls, windows, etc.). Measures: 20.3″ long, 6.3″ thick. Delivery in small boxes of one or two masks (man or woman) with a certificate of guarantee made out by "Les Arts Negres d'Afrique." Boxes sent from Paris. F.o.b. price at Paris airport: $7 a mask. C.i.f. price at New York, air parcel post: $8.75. A case contains 24 masks (12 little boxes of two or 24 little boxes of one. Fast delivery. Literature with pictures available. Limited annual production (12,000 units) checked by "Art Negres d'Afrique"—Ste. G. Basse B.P. 107 Dakar. Request replies in French. G. Basse (exporter), 11 Avenue de la Fontaine, 92 Ville d'Avray, France. WTD in preparation.

SWITZERLAND—High quality hair brushes, toilet brushes, clothes brushes, tooth brushes, household brushes, brooms. Buerstenfabrik Ebnat-Kappel AG (manufacturer, exporter), 9642 Ebnat-Kappel. WTD 2/28/66.

Future Construction

For maximum assistance to those interested in overseas construction projects, U.S. Foreign Service officers report them as soon as possible, often in early planning stages. Some may not reach completion as originally proposed. In such cases additional information is published as it is obtained.

CEYLON—The State Fertilizer Manufacturing Corp. is in the process of considering offers from various firms for consultancy services concerning plans for the construction of a **fertilizer factory.** It is expected that a final selection of a consultant will be made in early 1967. The Corporation hopes to call for bids for construction of the plant in July 1967, close bids in October and select the winning bidder by December of that year so that construction can commence in early 1968. Completion of the plant is projected for early 1970.

The plant will produce ammonium from a petroleum refinery's naptha; production is estimated at about 300 tons of ammonium per day. At present three alternative types of fertilizer production are under consideration: urea, urea and calcium ammonium nitrate, and although least likely, urea and ammonium sulphate.

ECUADOR—The Ecuadorean Ministry of National Defense has issued a bid for a **variety of hospital equipment to be used in the new Armed Forces military hospital.** The following equipment is detailed: Equipment for laundry, kitchen and food serving, sterilization, bakery, dishwashing (electric), employees' dining room, doctors' dining room, rehabilitation rooms, morgue, central oxygen system, central control (oxygen, alarm systems, light, automatic clock, switches, etc.); steam generators and auxiliary equipment, passenger, freight and bed elevators; and an international pneumatic mailing system.

Bids, which must be submitted in the Spanish language, are due Jan. 26. They should be addressed to the H. Junta de Defensa Nacional del Ecuador, 3er. Piso, Ministerio de Defensa, Quito, Ecuador.

A copy of the specifications is available for review only in the offices of the Trade Opportunities Staff, U.S. Department of Commerce, BDSA-624, Washington, D.C. 20230, and may be purchased from the issuing agency upon payment of 3000 sucres (approx. $146 not including $1.00 for airmail postage). It is suggested that interested bidders allow at least one full week for mail delivery between the Unitd States and Ecuador.

FINLAND—The Helsinki Municipal Council voted during December to establish a new Metro Commission to re-examine existing plans for **the municipal subway system.** (See this column, INTERNATIONAL COMMERCE, Nov. 21, p. 30, for description of original plans.) A proposed appropriation of Fmk 9 million (Fmk 3.209 = US$1.00) in the city budget for 1967 for the commencement of actual construction has been held in abeyance pending recommendations from the Commission.

MALAYSIA—(M$3.06 = US$1.00) A M$15 million project **to plant 10,000 acres of sugar cane on a cooperative basis at Ayer Hitam, 45 miles from Seremban,** is expected to be started next year. The land to plant the cane will be purchased from the Negri Sembilan and Pahang state governments. Thirty acres of jungle land are now being cleared for building administrative offices and the factory along the Ayer Hitam-Pahang road.

Overhead electric lines have been erected and construction of water tanks is already underway. The project is being undertaken by the Sugar Refinery (Tampin) Ltd. and is expected to employ more than 300 workers at full production. 35% of the authorized capital and shares will be reserved for Malays. The company has announced that it is now in the initial stages of setting up the sugar milling factory to produce white sugar and various by-products of the residue of the cane. It is expected that the crushed cane will be used for the making of boards as well as for paper products and fuel for furnaces.

PHILIPPINES—The press recently carried the story that the government is planning to set up a **plant to print its own paper money and other controlled government paper.** The committee appointed to work out the details of the project will be accepting bids for such a printing plant.

The three-man group will look after the implementation of Republic Act 4700, passed by Congress in its last session, authorizing the department of general services to acquire and operate a security printing plant. The law appropriated P20 million (1 Peso = US$.2570) for the purpose.

The printing plant will be designed to safeguard the printing, issuance, distribution and durability of government official receipts, lottery tickets, internal revenue stamps, strip stamps, official documents, registration certificates, torrens titles, treasury warrants, stocks and bonds, government contracts, ration coupons, passports, identification cards, money order forms, checks, banknotes, official return forms and other forms and security printing jobs. U.S. firms interested in making bids should write to the Central Bank of the Philippines, Intendencia Bldg., Intramuros, Manila, Philippines.

Visiting Buyers and Officials

Scheduled arrival dates and U.S. addresses indicated

JAPAN—Takumi Sugimoto, Assistant Manager, Foreign Trade Dept., R. K. Mizuno Sporting Goods Co., Ltd., 250 Okawa-cho, Higashiku, Osaka, **interested in importing and exporting sporting goods and learning the latest U.S. development in sporting goods.** Dec. 8 via San Francisco for 45 days. c/o Curley-Bates Co., 860 Stanton oRad, Burlingame, Calif. 94010. Itinerary: San Francisco, Denver, Cedar Rapids, Chicago, Cincinnati, Memphis, New York, Los Angeles. WTD 10/30/64.

New Books and Reports

***The Gallatin Annual of International Business.* Published by the Copley International Corp., New York. 1250pp. $350 annual rate.**

The Gallatin Annual of International Business is the main element of the Gallatin Service, which provides comprehensive, up-to-date information on doing business in every country in the world. The *Annual* contains in-depth business studies of 123 countries.

The Gallatin Statistical Annual, a second publication included in the Service, contains 300 pages of key economic statistics.

The Gallatin Letter, the final feature, is a bi-weekly periodical which up-dates the *Annual* and keeps subscribers informed on new business developments throughout the world.

The Gallatin Service is useful for companies doing business abroad or planning overseas expansion, as well as for such service organizations as banks, investment brokers, law firms, accountants, advertising agencies and consultants with international clients.

Each country is analyzed from a business viewpoint, so that opportunities for investment, merger, sales, plant location, and other activities can be ascertained. The actual business environment a company is likely to encounter in each country is described, with such details as tax and labor laws, trade agreements, customs regulation, available manpower, legal systems and financial practices.

The *Annual* also includes sections on international organizations, commodity agreements, aids to doing business abroad and a glossary of over 9000 words and phrases used in international business activities.

The yearly subscription rate for the complete three-part service is $350. Corporate subscriptions of six or more are available at $125 each.

Write: The Gallatin Service, Copley International Corp., 330 Madison Ave., New York, N.Y. 10017.

***Toledo World Trade Directory.* Published by the Toledo, Ohio, Area Chamber of Commerce 45pp.**

This new guide to Toledo export products, services and port facilities contains more than 500 listings. Project data are printed in English, Spanish, German and French. In addition, form letters of transmittal in Swedish and Japanese accompany the directory.

The book is being distributed overseas to promote Toledo-made products and the use of Port of Toledo facilities.

The three primary sections of the publication include a product index, a listing of exporting firms and a listing of trade service agencies.

Limited copies are available.

Write: Toledo Area Chamber of Commerce, 218 Huron St., Toledo, Ohio 43604.

New price/coupon plan for Federal documents

A new single price/coupon system for the sale of U.S. Government-sponsored research and development reports took effect on January 1. The new single price is below the previous average price of documents sold.

The new price for a hardcover paper copy is $3. A microfiche copy costs 65¢. The coupon serves as the method of payment, order form and shipping label. Coupons for paper copies of documents will sell at $3 each or a book of 10 for $30. Coupons for microfiche copies will be sold in books of 50 coupons for $32.50. Coupons will be available for sale about February 15 from the Clearinghouse for Federal Scientific and Technical Information.

The new pricing policy is a change from a sliding price scale based on document size. More efficient order processing resulting from the new system makes the lower price possible. The new price applies to previously announced as well as new documents.

Certain reports, such as those available from the Superintendent of Documents, are priced as individually announced rather than at the new single price.

The new price does not apply to multiple copy orders of a single document. Quotations on quantity purchases of a single title are available on request.

Write: Clearinghouse for Federal Scientific and Technical Information, U.S. Department of Commerce, Springfield, Va. 22151.

***The Inventor's Patent Handbook, A Practical Guide for the Amateur and the Professional.* By Stacy V. Jones. The Dial Press, New York City. 229pp. $5.00.**

This volume is a guide to patents and inventions for businessmen, inventors, lawyers and others interested in the patent system. The author, patent columnist for the *New York Times*, provides an explanation of the U.S. patent system and the procedures for utilizing it, from invention to marketing and management of the patented subject matter.

Procedures for securing trademark and copyright protection for design are also described, as are the practicalities of choosing a suitable trademark.

Appendices contain pertinent extracts from U.S. Patent Law, a summary of foreign patent laws prepared by the Bureau of International Commerce, Department of Commerce, and a list of libraries throughout the United States that receive the Patent Office *Official Gazette*.

Also included are suggestions on how to sell ideas to private and government entities, and synopses of important 1966 Supreme Court decisions concerning patentability and the registrability of trademarks and copyrights.

Write: The Dial Press, 750 Third Ave., New York, N.Y. 10017.

***Through Transport to Europe.* Published by the National Economic Development Office, London. 98pp. $1.80.**

This book contains the results of a study by the Economic Development Committee for the Movement of Exports on the methods of transport used and what might be done to improve the speed, efficiency and reliability of the flow of goods from Britain to Europe.

Because the value of exports to Europe is some 40% of all British exports, a small working party was set up to conduct a study of through transport to Europe. Part 1 contains the terms of reference, a summary and 45 recommendations for action, together with suggestions as to the appropriate bodies by whom action might be taken. Part 2 contains the main text of the report. The papers providing the basic information are attached in appendices.

Write: British Information Service, Sales Section, 845 Third Avenue, New York, N.Y. 10022

☆ U. S. GOVERNMENT PRINTING OFFICE: 1967—251-958/26

Calendar *for international traders*

AKRON—Jan. 18—Export Expansion Workshop, Holiday Inn, noon-3 p.m. Sponsors: Northwest Orient Airlines; Chamber of Commerce; REEC; Commerce Field Office, Cleveland.

AKRON—Jan. 26—Export Expansion Workshop, 10 a.m., Sheraton Hotel. Sponsors: Chamber of Commerce; REEC; Cleveland Field Office.

BOSTON—Jan. 12—World Business Perspective 1967 Seminar, International House, World Trade Center in N.E., Inc., 470 Atlantic Ave., 3 p.m.

BOSTON—Jan. 12—Dinner meeting, International Trade Association of New England, Inc., State Street Bank Roof Restaurant.

BOSTON—Jan. 18—Conference and Consultations with U.S. Trade Mission to Ireland and Portugal, 10 a.m., State Street Bank Bldg.

CEDAR RAPIDS, Iowa—Jan. 17—Foreign Trade Bureau meeting, 6 p.m., Roosevelt Hotel. Speaker: Robert W. Barrie, Director, Trade Expansion, Committee of American Steamship Lines. Sponsor: Chamber of Commerce.

CHICAGO — Jan. 10 — Automotive Exporters' Club of Chicago, Builders Bldg. Sponsor: Commerce Field Office.

CHICAGO—Jan. 12—International Trade Club, LaSalle Hotel.

CHICAGO—Jan. 18—Chicago Midwest Credit Management Assn., LaSalle Hotel. Sponsor: Commerce Field Office.

CINCINNATI—Jan. 25—International Seminar on the Pacific Area, 10 a.m.-2 p.m., Carrousel Inn. Sponsors: Northwest Orient Airlines; REEC; Commerce Field Office.

DALLAS—Jan. 11—In-Office Workshop. Sponsors: REEC; Commerce Field Office.

DETROIT — Jan. 10—Export Marketing Workshop, 9:15-12:15, Rm. 456, Federal Bldg. Sponsors: REEC; Commerce Field Office.

DETROIT—Jan. 19-20—Businessmen's consultations on foreign investment opportunities and problems, by appointment only, with John Breen, Office of International Investment, BIC, and Herman Katz, Agency for International Development. Check Field Office.

HONOLULU—Jan. 18—Finance & Insurance Seminar, Honolulu Field Office. Sponsors: REEC; Commerce Field Office.

JACKSONVILLE, Fla.—Jan. 17—Export Conference, 2 p.m., Commerce Field Office.

KANSAS CITY—Jan. 10—Meeting for Exporters with a panel of returning business travelers, Advertising & Sales Executive Club. Sponsors: Commerce Field Office; REEC; International Trade Club.

KANSAS CITY—Jan. 12—In-Office Workshop for New Exporters, Federal Office Bldg. Sponsors: REEC; Commerce Field Office.

MEMPHIS—Jan. 17—World Trade Club, Hotel Claridge. Sponsor: Commerce Field Office.

MEMPHIS—Jan. 18—Conference on Trade Mission to Libya, Tunisia and Morocco, Hotel Claridge. Sponsors: Mid-South Exporters Roundtable, Commerce Field Office.

MINNEAPOLIS—Jan. 11—World Trade Assn. dinner meeting.

NEWARK—Jan. 19—Profits in Exports Conference, Robert Treat Hotel. Sponsors: World Trade Assn.; N.J. Dept. of Conservation & Economic Development; Commerce Field Office, New York; REEC.

NEW YORK—Jan. 10—Luncheon on "The Fiction of the American Paper Dollar," Statler Hilton. Sponsor: International Executives Assn.

NEW YORK—Jan. 12—Meeting of the Overseas Automotive Club, noon, Summit Hotel.

NEW YORK—Jan. 16-18—AMA Orientation Seminar on financing U.S. investments abroad through the Euro-currency market and entrepot capital centers, St. Regis Hotel.

NEW YORK—Jan. 19—FCIB Drug, Chemical & Food Export Club, Advertising Club, 12:15 p.m. Sponsor: Foreign Credit Interchange Bureau.

PHILADELPHIA—Jan. 12—Licensing Conference, Philadelphia National Bank, 2 p.m. Sponsor: Commerce Field Office.

PHILADELPHIA—Jan. 17—Consultation with Redington Fiske, member U.S. Trade Mission to Ireland and Portugal at Field Office. Sponsor: Commerce Field Office.

PHILADELPHIA—Jan. 17—Consultation with Robert Kemp, Commercial Attache, American Embassy, Helsinki, Finland at Field Office. Sponsor: Commerce Field Office.

PHILADELPHIA—Jan. 17—Foreign Traders Assn., Sheraton Hotel, 6 p.m. Sponsor: Commerce Field Office.

PITTSBURGH—Jan. 19—In-Office Export Workshop, Field Office, Rm. 2212, 2 p.m. Sponsors: REEC; Commerce Field Office.

PROVIDENCE—Jan. 17—Dinner meeting, Providence World Trade Club, Sheraton-Biltmore Hotel.

ST. LOUIS—Jan. 17—Businessmen's Consultations with U.S. Trade Mission to Hungary and Bulgaria, Commerce Field Office. Sponsors: REEC; World Trade Club; Chamber of Commerce; Commerce Field Office.

ST. LOUIS—Jan. 20—World Trade Conference for Small Business, Ramada Inn, Lambert Field. Sponsors: University of Missouri; REEC; World Trade Club; Chamber of Commerce; Commerce Field Office. Speaker: A. C. Homer, Imperial-Eastman Corp.

ST. LOUIS—Jan. 26—World Trade Club monthly dinner meeting, Bel Air West. Speaker: Redington Fiske.

WICHITA FALLS, Texas—Jan. 16—Management Training Course in International Trade at Midwestern University. Sponsors: Midwestern University, Chamber of Commerce; REEC; Commerce Field Office.

YORK, Pa.—Jan. 17—World Trade Council, Chamber of Commerce "buck" luncheon. Speaker: Wallace E. Carroll, member U.S. Trade Mission to Ireland and Portugal. Sponsor: Commerce Field Office, Philadelphia.

YOUNGSTOWN, Ohio—Jan. 11—Export Expansion Workshop, noon-3 p.m., Mural Room Restaurant. Sponsors: Northwest Orient Airlines; Chamber of Commerce; REEC; Commerce Field Office, Cleveland.

UNITED STATES
GOVERNMENT PRINTING OF
DIVISION OF PUBLIC DOCUM
WASHINGTON, D.C. 204

OFFICIAL BUSINESS

CR - MAY 40129
UNIVERSITY MICROFILMS
SERIALS SECTION
300 NORTH ZEEB RD
ANN ARBOR MICH

POSTAGE AND FEES PAID
GOVERNMENT PRINTING OFFICE

First-Class Mail